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NEWS SUMMARY

GENERAL

Polish bishops condemn unrest

Polish bishops issued a statement condemning the recent demonstrations throughout the country.

The unrest was "delaying normalisation and disorienting the young," they said.

A communique issued after a church-state commission meeting said that discussions "had continued" and expressed concern at disturbances. Page 2; Feature, Page 25

'Call off strike'

A TGWU recommendation to call off the national dock strike due to start on Monday will go before a delegate conference on Saturday. Back Page

Unilateral plan

The Labour Party seems set to commit itself to a non-nuclear defence policy, based if necessary, on unilateral action. Page 12

N-chief killed

Gunmen shot dead the director of a nuclear plant under construction near Bilbao in Spain's Basque region. Page 2

Bombs seized

More than 3,000 petrol bombs were seized in the Ardoyne area of Belfast in an operation on the eve of the anniversary of Bobby Sands' death.

Police cleared

Two Liverpool police, driver and passenger of a van that fatally injured a man during the Toxteth riots, were cleared of manslaughter.

Brothers freed

Two whites were cleared of subversion charges in Bulawayo after a magistrate's court decided it had not been proved the brothers knew of an arms cache on their farm.

Attack on 'reply'

The chairman of the Press Council strongly attacked proposals for a statutory right of reply in the media.

Hungary for IMF

Hungary will become the 146th member of the IMF today, the only East European member apart from Romania.

Satellite aid

The USSR is using satellite surveys in a project to divert rivers from Siberia to the arid south through old river beds.

'No' to art claim

A U.S. appeals court ruled that two Albrecht Duerer paintings stolen from Germany during World War II belonged to an East German museum and rejected a New York lawyer's claim.

Pop star's victory

Pop star Gilbert O'Sullivan won his High Court fight for the copyright of his songs and master tapes of his records.

Record discord

The Wolfetones, Ireland's popular folk group, have made a record to mark the 1777 birth in Ireland of William Brown, who created the Argentine navy.

Regal Street

The Queen and Prince Philip visited Coronation Street's newly-built location near the Granada TV centre.

Briefly . . .

MCC's new president is RTZ chairman Sir Anthony Tuke.

Hong Kong put up the cost of petrol, licences and duty in an effort to cut road traffic.

Bishop of Hereford, 62, started a 200-mile pilgrimage on foot through his diocese.

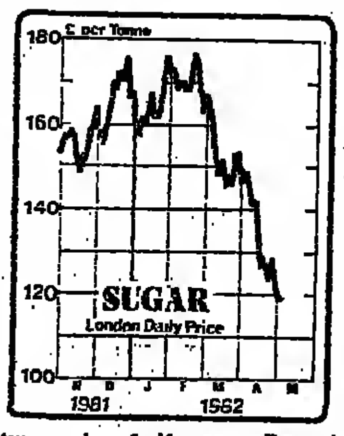
BUSINESS

Equities off 8.8; gilts lose 0.31

● EQUITIES: the FT 30-share index fell 8.8 to 575.4. Page 39

● GILTS: the Government Securities Index slipped 0.31 to 67.67. Page 39

● RAW SUGAR daily price in London was marked down to £119 a tonne, the lowest for over two and a half years. Record world sugar output forecast, Page 33



● WALL STREET was 0.66 down at 833.79 near the close. Page 38

● STERLING rose 92.5 points on the day against the dollar to close at $1.80575. It fell in DM 4.1875 (DM 4.2125), SwFr 3.495 (SwFr 3.52) and FFr 10.925 (FFr 10.9475). Its trade-weighted index was 89.6 (90.1). Page 40

● DOLLAR dropped to close in London at DM 2.3175 (DM 2.3435), SwFr 1.935 (SwFr 1.9575) and Y233.85 (Y237.25). Its trade-weighted index was 112.6 (113.5). Page 40

● GOLD fell $6 in London to $336.5. In New York the Comex May close was $337 ($344). Page 40

● EXECUTIVE CONFIDENCE has increased but there has been little improvement in demand or output, says the CBI's quarterly survey. Back Page and Page 14

● LLOYD'S LEGISLATION would oblige brokers to sell their shares in 114 underwriting agencies, whose business is worth a total of up to £100m. Page 12

NCC stake sold to U.S. company

● RECEIVERS of Birmingham and Midland Counties Trust, the investment company, are selling its 38 per cent stake in NCC Energy to Cook International, the U.S. pest control and insurance broking company, for £0.25m. Mr Graham Ferguson Lacey and Mr Cecil McBride have resigned from the NCC board. Page 28 and Lex, Back Page

● BP WITHDREW from its role as a key equity partner in the NCB's plan for a £55m coal liquefaction plant. Page 8

● EXXON is to raise up to $500m to finance its U.S. operations for the rest of the year. Back Page

● MEXICO is to seek an international syndicated loan of $2bn to $2.5bn. Back Page

● CO-OPERATIVE Wholesale Society reported trading profits of £16.8m for last year, an increase of £4.9m. Page 10

COMPANIES

● P&O's pre-tax profits fell in 1981 to just under £41m (£47m). Page 26 and Lex Back Page

● J. SAINSBURY, the food group expanded pre-tax profits by £21.36m to £83.42m for the year to February 27. Back Page and Lex, details Page 31

● SMITH ST. AUBYN (Holdings), the discount broker and banker, reported a net loss of £2.75m for the year to April 5, compared with a profit of £3.44m. Page 31

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Brent Walker	85	+ 5
Channel Tunnel	170	+ 40
Henderson (P. C.)	180	+ 8
P & O Dfd	143	+ 3
Rentokil	162	+ 5
Rothmans	93	+ 5½
Utd Scientific	340	+ 10
Berjuntai Tin	183	+ 5
Malaysia Mining	76	+ 5

FALLS		
Exchqr 12pc 99-02	£90¾	− ¾
Brit Sugar	490	− 10
Brown (J.)	55½	− 3
De La Rue	545	− 20
Eagle Star	354	− 8
General Accident	290	− 8
GEC	858	− 7
GKN	164	− 6
ICI	320	− 6
Lloyds Bank	395	− 8
Molins	140	− 8
NatWest Bank	403	− 12
Plessey	395	− 7
Smith St Aubyn	34	− 3
Thorn EMI	420	− 13
Tootal	37½	− 3½
Trident TV A	78	− 7
Tube Invs	150	− 6
Turner and Newall	65	− 3
BP	310	− 8
LASMO	345	− 8
Seltrust A	47	− 7

Haig leads diplomatic moves to end Falklands conflict

BY REGINALD DALE IN WASHINGTON AND PETER RIDDELL IN LONDON

AN URGENT new diplomatic effort to solve the Falklands crisis by peaceful means was underway yesterday, centred around Mr Alexander Haig, the U.S. Secretary of State.

Officials in Washington said negotiations had entered a "continuing phase of intense diplomatic activity" and the White House said it was in contact with other governments "virtually round the clock."

In London yesterday Mr Francis Pym, the Foreign Secretary, told the Commons that "a vital ingredient of the ideas is an early cease-fire and the prompt withdrawal of Argentine forces."

It is clear that the British Government will not agree to a ceasefire without a prior commitment to a withdrawal of forces and clear evidence that this undertaking is being fulfilled. Mr Pym indicated last week that under these conditions there might be parallel movements in British forces.

The clear impression given both in the Commons and by officials is that the focus has now switched to diplomatic pressures on the Argentine. The implication is that British military action will be limited to enforcing the total exclusion zone around the islands. Speculation about any significant escalation of military activity was being discouraged last night.

This emphasis clearly reflects in part international unease about the conflicts since the weekend.

The Washington effort is based on suggestions put forward by Peru, to which Mr Haig has added his own ideas, British officials said.

ARGENTINA YESTERDAY ***devalued the peso by 14.3 per cent in a move designed to bolster its weak economic position during what could be a long drawn out conflict with Britain.***

The latest devaluation, which pegs the peso at 14,000 to the U.S. dollar compared with 12,000 on Tuesday and 13,500 when dealings opened in Buenos Aires yesterday morning, brings the total decline in the value of the Argentine currency since the ***start of last year to 640 per cent.***

The Ministry of the Economy has also introduced a number of other measures to help bear the cost of the conflict now five weeks long. An export tax of 1,000 pesos for each dollar's-worth of goods sold abroad—the equivalent of a 7 per cent surcharge has been added to existing taxes on important exports such as coarse grains.

The proposals seemed likely to be more acceptable to Britain than moves in the UN that simply called for a ceasefire, leaving Argentina still in possession of the islands with little incentive to withdraw.

Sir Nicholas Henderson, the British ambassador in Washington, was expected to return for further talks at the State Department with Mr Haig later yesterday. Mr Haig had asked for an urgent reaction from London to the latest proposals.

Britain's initial "constructive response" to the latest peace move was delivered by Sir Nicholas in a three-hour meeting with Mr Haig on Tuesday night.

The plan would provide a framework for an immediate Argentine withdrawal, which would effectively mean a ceasefire, British officials said.

The White House issued a statement which said that "the tragic developments of the past few days are drastic evidence of the urgent need to find an early peaceful resolution of the conflict in the South Atlantic."

"We remain in close touch with the parties and others who have ideas which could help peace. We welcome the current efforts of UN Secretary-General Perez de Cuellar, and stand ready to do whatever we can to avert further loss of life and further resolve the dispute peacefully," it said.

In London, diplomatic initiatives were apparently the main topic of discussion at meetings both of the inner group of senior Ministers concerned with the crisis and of a hurriedly arranged meeting of the full Cabinet.

Mr Pym said he was giving "very careful attention" to the ideas of the UN Secretary-General. The British view is that UN ideas are in many ways similar to U.S. proposals and are likely to be reflected in any solution.

Mr Pym said the UN had not put forward formal proposals but only general ideas on which he is likely to reply today.

Despite all this activity, there is no great optimism in London about the chances of an early diplomatic breakthrough, given the absence of any apparent shift in Buenos Aires.

Senior Ministers also appear to have discussed yesterday the longer term future of the islands. Mr Pym emphasised that the Government had an open mind on the longer term. But in reply to a question, he said that suggestions about a UN trusteeship were one of the possibilities and might "in the end prove to be a highly suitable one."

The mood in the Commons was much more subdued than the highly emotional scenes late on Tuesday after the news of the loss of HMS Sheffield.

On the Tory side, some MPs however were impatient about talk of negotiations and were stressing the need to ensure that the task force successfully completed its job.

Mr Denis Healey, the Labour Deputy Leader, continued his pressure for an early British initiative to involve the UN Secretary-General as a mediator after what he described as "the vacuum" following the end of the Haig mission.

A number of other Labour MPs pressed for an immediate ceasefire and referral of the dispute to the UN. This group has now attracted well over 70 signatures to a motion.

The doubts of some Tory MPs about the recent military conflict were reflected in a private warning yesterday by 12 senior backbenchers, including three Privy Councillors, to the party's business managers at West-

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Diplomatic activity prevents more Commons disunity, Page 12
Lombard, Page 25

Navy lacks defence against missile

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITISH WARSHIPS in the South Atlantic lack effective defence against the Exocet missile which destroyed HMS Sheffield on Tuesday.

Weapons designed to destroy these French-built missiles are being developed in Britain, but are unlikely to be deployed with the Royal Navy for some years.

The two weapons which have been generally thought to provide some protection against Exocet—the Sea Wolf and the Sea Dart—do not have adequate tracking radar to pick up the Exocet as it skims the sea towards its target, naval experts allege.

Confirmation that the Government recognises the task force could be under-defended came from Mr John Nott, the Defence Secretary, in the Commons yesterday.

Acknowledging concern about "certain" missile developments, he said one reason why Britain had not given priority in the past to the development of an anti-missile missile was that the Soviet Union did not deploy sea-skimming missiles.

The destruction of the Sheffield—it was not clear yesterday whether the 4,000-ton warship had sunk after being gutted by fire—was accomplished by an Exocet AM39 missile fired from a French-built Super Etendard fighter recently delivered to Argentina.

The range of the 19 ft. subsonic missile depends on the height and speed of the aircraft carrying it, can be as much as 47 miles. The key point is that, some eight miles from the target, the missile drops to just above the waves. It has radar in its nose to home automatically on to the target ship.

The French manufacturer of the missile, the state-owned company Aérospatiale, confirmed yesterday that current anti-missile systems were unable to provide a reliable counter to the Exocet. A spokesman said this was primarily due to its speed, the short flight time (about two minutes at a range of about 30 miles) and the automatic, fire-and-forget targetting system.

HMS Sheffield was armed with Sea Dart missiles. Sea Dart is described as a triple-role, area defence weapon which can attack missiles as well as other surface ships and aircraft.

Very few of the facts about how the Sheffield spent its last few minutes have been established. In particular, it is not clear why no Sea Dart was fired, either against the Super Etendard carrying the missile or against the missile before it dropped to sea level.

Mr Nott, in his only reference to the Sea Dart yesterday, described it primarily as an anti-aircraft weapon. Its capability against missiles seems to have been exaggerated.

The Sea Wolf is now on only two ships with the task force—the two type-22 frigates, Broadsword and Brilliant. Experts disagree as to the ability of the Sea Wolf's existing radar to track sea-skimming missiles, but critics point out

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Financial markets shaken

By David Marsh

WORRIES OVER the fighting in the South Atlantic shook confidence on the London financial markets yesterday. Sterling lost ground sharply against Continental currencies although it was higher against a generally weaker dollar. Shares and gilt-edged stocks fell heavily.

One U.S. foreign-exchange dealer in London summed up the general mood: "The loss of the Sheffield brought the markets down to earth."

The pound's fall came as the Treasury released figures showing a cut of $810m (£448.6m) in Britain's official reserves last month. Roughly half the fall appeared to be due to intervention to support the currency.

The underlying fall of $394m was less than feared in some quarters of the City.

The pound dropped yesterday to 89.6 points on the basis of its trade-weighted index compared with 90.1 points on Tuesday before news of the attack on the Sheffield.

It rose 0.925 cents against the dollar in thin trading to close in London at $1.80575 but fell to DM 4.1875 (DM 4.2125) and to SwFr 3.4950 (SwFr 3.52). The dollar fell sharply against the D-Mark, to DM 2.3175 from DM 2.3435, as markets looked forward to prospects of lower U.S. interest rates.

On the London stock market the Financial Times Industrial Ordinary index fell 14.1 points in the first half-hour of trading. An hour later, after heavy

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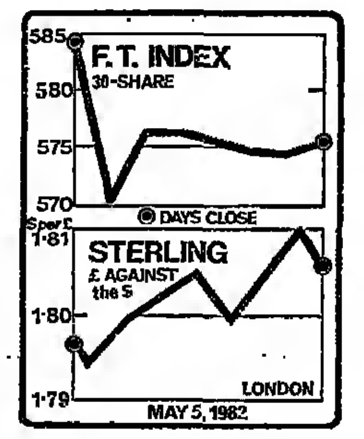
UK reserves fall, Page 8



Britain may adopt defensive posture

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITAIN AND Argentina appeared to be weighing their military options last night following two days of confrontation in which both sides have lost a major warship and considerable numbers of men.

As Mr John Nott, the Defence Secretary told a packed House of Commons yesterday afternoon that 30 British seamen were still missing following the destruction of HMS Sheffield on Tuesday, there were suggestions that the Government had decided to adopt a defensive posture at least for the time being.

There have been persistent reports that the Government was planning to order elements of the task force to invade the Falkland Islands in an effort further to isolate the Argentine garrison of 7,000 there.

Neither Mr Nott nor his Defence Ministry spokesmen would comment yesterday on strategy, beyond repeating that the task force in the South Atlantic would continue with planned operations.

However, this could be consistent with a military stand-off during which the task force would continue to enforce the 200-mile total exclusion zone around the islands without seeking to engage the Argentines except in self defence.

There was no indication last night as to whether Argentina might be preparing to follow a similar strategy. Some observers believed that the destruction of HMS Sheffield, following so quickly on the sinking of Argentina's cruiser, General Belgrano, could harden the stance of both sides.

Mr Nott gave the barest outline of the action which destroyed the Sheffield. In a statement which differed very little from that he made on Tuesday night, he confirmed that the ship was hit by an Exocet missile, and that the resulting explosion caused a major fire. Orders to abandon ship were given at 7 pm London time, he said. He had no further details of casualties. Suggestions that 87 men had been killed or wounded were not confirmed by the Ministry yesterday.

Mr Nott—who later flew to Brussels to attend a Nato meeting—left many questions from MPs unanswered. He would not give the Sheffield's position, except to say that it had been 70 miles from the Falklands when struck. Nor would he say whether the vessel had attempted to fire its Sea Dart missiles against the missile-carrying Argentine Super Etendard fighter.

He was also silent on the role the ship was fulfilling when it was hit. It had been suggested that Sheffield was west of the Falklands acting as a "radar picket" for the task force which would have been much further east. Military experts expressed surprise yesterday that if this was the case, the aircraft carrier Hermes was, as reported by journalists on board it, only 15 miles from the Sheffield.

Mr Nott was asked about rumours that a major naval battle was then taking place in the South Atlantic. He replied that he "could not be sure" but that he had no reports of it.

To Labour cries he replied that it was "quite impossible to require the task force commander to communicate repeatedly with London"

FALKLANDS WEATHER: Wind W., Force 7 (30 knots). Mostly cloudy, scattered showers. Outlook: Stormy with increased winds and high seas, subsiding somewhat on Sunday.

General Accident feels the cold

BY ERIC SHORT

LAST WINTER'S severe weather in Britain, described as the worst this century, has cost General Accident more than £26m in claims since December.

This was the main reason for the group recording a pre-tax loss of more than £11m in the first quarter of this year, against a profit of £19m.

Pre-tax losses are rare for a UK insurance composite. Usually investment income earned on premiums and reserves more than offsets the underwriting losses—the difference between premiums received and claims and expenses paid out.

But for General Accident, a 20 per cent first quarter income growth to £42m was insufficient to cover worldwide underwriting losses tripling to £54m, half of which arose in the UK.

GA is Britain's largest motor insurer but half its UK losses came not from motor business but from its private household account. Damage to houses and contents from burst pipes, floods and storms cost £10m. Claims from its traders account—mainly insurance on shops and small businesses, cost £6.2m.

The winter had much less impact on the group's UK motor insurance business. Many of the 1m or more motorists take their cars out during the bad weather. Even so the number of claims climbed 16 per cent above the average for the time of year and bad weather claims accounted for about half of the £7m motor deficit.

Insurance company to report its first quarter results and the UK losses are far higher than expected. The British Insurance Association estimated in March that the severe weather had cost UK insurance companies more than £200m. The figures from GA would indicate that this is a gross underestimate. Specialist stockbrokers consider £300m is a more realistic total.

The disappointing figures resulted in the share price of General Accident dropping 8p to 290p at the close. The share prices of other insurance groups also fell on GA's results.

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£ in New York

–	May 4	Previous
Spot	$1.8030-8050	$1.8120-8140
1 month	0.58-0.60 pm	0.54-0.59 pm
3 months	0.77-0.79 pm	0.73-0.78 pm
12 months	2.20-2.30 pm	1.95-2.05 pm

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For latest Share Index phone 01-246 8026

Poland's bishops critical of street clashes

BY CHRISTOPHER BOBINSKI IN WARSAW

ROMAN CATHOLIC bishops in Poland have strongly criticised demonstrations and clashes with the police over the past few days. But after a meeting in Czestochowa which eoded on Tuesday, they also demaoded a "dialogue between the authorities and society," saying that "the trade unioos bave e special place in this process." This is a reference to the suspended Solidarity union movement.

"Constructive talks, whicb cannot be put off without serious and irreversible harm to the nation and the state, demand an atmosphere of calm in the country," the bishops say.

Local authorities in Warsaw, Gdansk and Szczecin, meanwhile, have reimposed curfews and other restrictions following the clashes. In Gdansk, private vehicles have been banned from the streets and sales of alcohol made illegal.

The bishops say io language which closely reaembles official reasoning: "The new unrest in the country delays the implementation of social accord, halts the steps towards normalisation and disorientates the young."

This is the strongest language the Church has used about civil unrest against the authorities and is likely to he greeted with relief by the Government. It shows that the Church, for the moment at least, can be relied upon to call for order. Its strictures, read in churches and broadcast by the official media, will help stabilise the situation.

At the same time, however, the bishops have reminded General Wojciech Jaruzelski, Poland's military leader, of his December 13 promise that unions would be allowed to function again eventually. They add that society awaits further steps in this direction, as well as the freeing of internees, an amnesty for those sentenced and in hidiog, and an "end to tbe sacking of people because of their union membership."

Reuter adds: The Polish authorities yesterday absolved the Church from blame in this week's riots but warned it against manipulation by extremists.

Gen Czeslaw Kiszczak, the Interior Minister, told Parliament that the martial law authorities did not believe the Church had supported demonstrations, but it sbould be aware that such crowds could easily develop into a destructive force.

"Street disturbances do not help the Church fulfil its religious mission and do not serve its interests," he said.

The religious leaders had an opportunity to make these points to the Government at a meeting of the church-state commission yesterday. It will have allowed the church authorities to gauge how seriously the Government intends to talk about political solutions.

Submarine payment

The Soviet Union bas agreed to pay more than SKr 1m (£96,000) compensation following the stranding of a Soviet submarine near Sweden's Karlskrona naval base last October, Swedish officials told Reuter in Moscow.

Norwegian transport strike called off

By Our Oslo Correspondent

NORWAY'S TWO-week-long transport strike was halted yesterday following a statement by Mr Arne Rettegal, the Minister of Labour, that he would enforce a wage settlement.

The Minister said he intervened because he feared that the number of industrial lay-offs as a direct result of the strike would increase dramatically if the action continued. The figure topped 8,000 this week.

The Government'a arbitrator twice called a meeting of both sides during the dispute in a vain attempt to find a basis for settlement.

More than 8,000 strikers were demaoding a general pay increase of about NKr 6 (56p) an bour. They have been offered only NKr 2. The average hourly rate is NKr 40.

Activity at Norwegian ports suffered severely during the strike and industry had increasing problems obtaining supplies and distributing products.

During the first week, petrol supplies became scarce in most parts of the country. But after pressure from the public the strikers abandoned their attempt to block distribution by non-union tanker lorry drivers.

The end of the transport stoppage, however, coincided with the start of a strike by about 3,200 warkers in Norway's fish processing industry. They joined 700 workers in other branches of the food industry who stopped work in support of a pay demand a week ago.

The Government, bowever, is obviously bappy to see that wage settlements bave been reached with iron and metal workers, chemical workers, hotel and restaurant employees, aircraft mechanics, building employees and printers.

Basque gunmen kill N-plant director

BY OUR MADRID CORRESPONDENT

THE DIRECTOR of the nuclear power plant nearly completed at Lemoniz near Bilbao was assassinated yesterday in an attack which bore the hallmarks of Eta, the militant Basque separatist organisation. Sr Angel Pascual Mugica was bit in the head by gunmen who fired on bis car from a passing vehicle in a Bilbao suburb.

Sr Pascual was accompanied by two bodyguards who returned the fire, and by his 16-year-old son who was hit in the hand.

The shooting occurred just hours before the Basque government was due to sign an agreement creating a special regional energy corporation which it would control and which would take over the operation of Lemoniz from the private utility, Iberdoero. This followed almost a year's delicate negotiations between Madrid, the Basque government and the company about the future of the $2bn nuclear plant.

Work at Lemoniz has been at a standstill since February 1981 when Eta assassinated Sr Jose Maria Ryan, Iberduero's chief engineer at the plant. Eta first kidnapped Sr Ryan and demanded a halt to work on Lemoniz, but the company refused to comply.

His death led to the biggest-ever demonstrations against the separatist organisation in the Basque country, but all the technical workers at the plant withdrew for fear of their lives. The Madrid Government rejected suggestions by the Basque administration to hold a referendum on the future of Lemoniz, and two months ago a formula was agreed, which it was hoped, would lead to resumption of work.

Iberduero has retained its ownership of the 930 MW twin unit but the Basque government has taken over its operation while the national nuclear safety council assumed responsibility for safety.

Robert Graham in Madrid reports on the effects of the toxic oil tragedy

How buying cheap cost Spain dear

A YEAR after the first symptoms of poisoning from adulterated rapeseed oil came to light in Spain, doctors and scientists still have not fully understood the toxic combination that bas caused the death so far of 271 persons.

The only encouraging aspect is that the mortality rate bas slowed sharply and the number of persons in intensive care bas fallen to 24 when at one stage it was close to 500. Against this, the Ministry of Health reckons that over 18,000 persons have been affected by cooking with adulterated rapeseed oil.

It is still unclear what side effects could develop in the future, while 3,000 people, undergoing rehabilitation treatment, are in varying states of muscular and neuromuscular disability.

The rapeseed oil was imported, mainly from France, for industrial use. It was then dyed with aniline, refined and sold — usually by door-to-door salesmen in plastic five-litre bottles at well below market prices. Those affected were mainly among working class families who, by using much oil in cooking, were easy targets for such budget-saving products.

The way in which the adulterated oil was distributed meant the victims were located in clearly defined areas of the country: in Madrid and its surrounding industrial belt, and the towns north of the capital, like Avila, Leon, Segovia and Valladolid. Indeed it was this combination of working-class victims along the path usually trod by travelling salesmen that led the authorities to suspect what first appeared to be some serious atypical pneumonic complaint to be a dangerous toxic element in cheap cooking oil.

One of the main problems doctors and research scientists bave faced in understanding the nature of the toxin is that the poison is broken down on ingestion and thus very hard to identify. The effects bave been tragic on the surviving victims, resulting sometimes in total loss of muscular control and longer-term genetic damage.

Women of childbearing age bave been the most prone to mortality, and warnings have been given by the health authorities about pregnancy. Birth control pills bave been permitted to be given at doctors' discretion.

On the latest estimates, approximately 60 per cent of those undergoing rehabilitation treatment bave responded positively and will suffer only minor physical disability. But at least 10 per cent will probably suffer some form of permanent disability.

The sesne of public outrage over the scandal bas died down. The Opposition parties, having initially castigated the Government for permitting a lax system of control over the production of olive oil, have become less strident. There is now an all-party committee that meets behind closed doors to coosider the matter, which is sub judice.

A total of seven companiea have been discovered to bave dealt in this adulterated oil under 10 brand names. An indication of the scale of the oil marketed or about to be marketed is that the authorities have impounded 3,000 tons. Those who bought the adulterated oil were able to exchange it for pure olive oil.

The investigations into the alleged culprits for refining and distributing the oil bas centred on a San Sebastian-based company, Raspa, and another in Madrid, Raelca. A total of 19 persons bave been indicted so far, but the judge investigating the case has been so slow that two of bis fellow judges resigned recently.

The Government agreed last year to indemnify relativea of persons who died and also aid those who were seriously debilitated. So far Pta 500m (£2.7m) has been handed out to victims' families and a further Pta 180m for invalids.

Perhapa a greater cost bas been the tragedy's indirect effects. Spain's olive oil industry, which produces 425,000 tonnes a year, was badly hit by the adverse publicity the scandal drew in its wake. Domestic sales fell off and the export image also suffered, with temporary trade bans by France. At the same time the food canning business that used oil substantially saw sales drop by more than a third in the latter part of the year and temporary bans on oil imports by France, Italy and Switzerland.

More out of work in France last month

By David White in Paris

UNEMPLOYMENT in Franca rose a further 1.2 per cent in April on a seasonally adjusted basis, bringing the total to 1.99m.

This represents a 15.5 per cent increase in the number of jobless during President Francois Mitterrand's first year in office, compared with a growth of almost 20 per cent in the previous 12 months.

April marked the sixth successive monthly increase in the adjusted figures, following rises of 1.7 per cent and 0.7 per cent in February and March.

Uncorrected figures publisbed on a provisional basis by the Labour Ministry sbow a drop, bowever, for the second tima running. The total, which fell below the psychologically important 2m mark in March, came down by a further 1.6 per cent to 1.93m. This was 17.3 per cent more than in April 1981, the last full month of the Giscard Government.

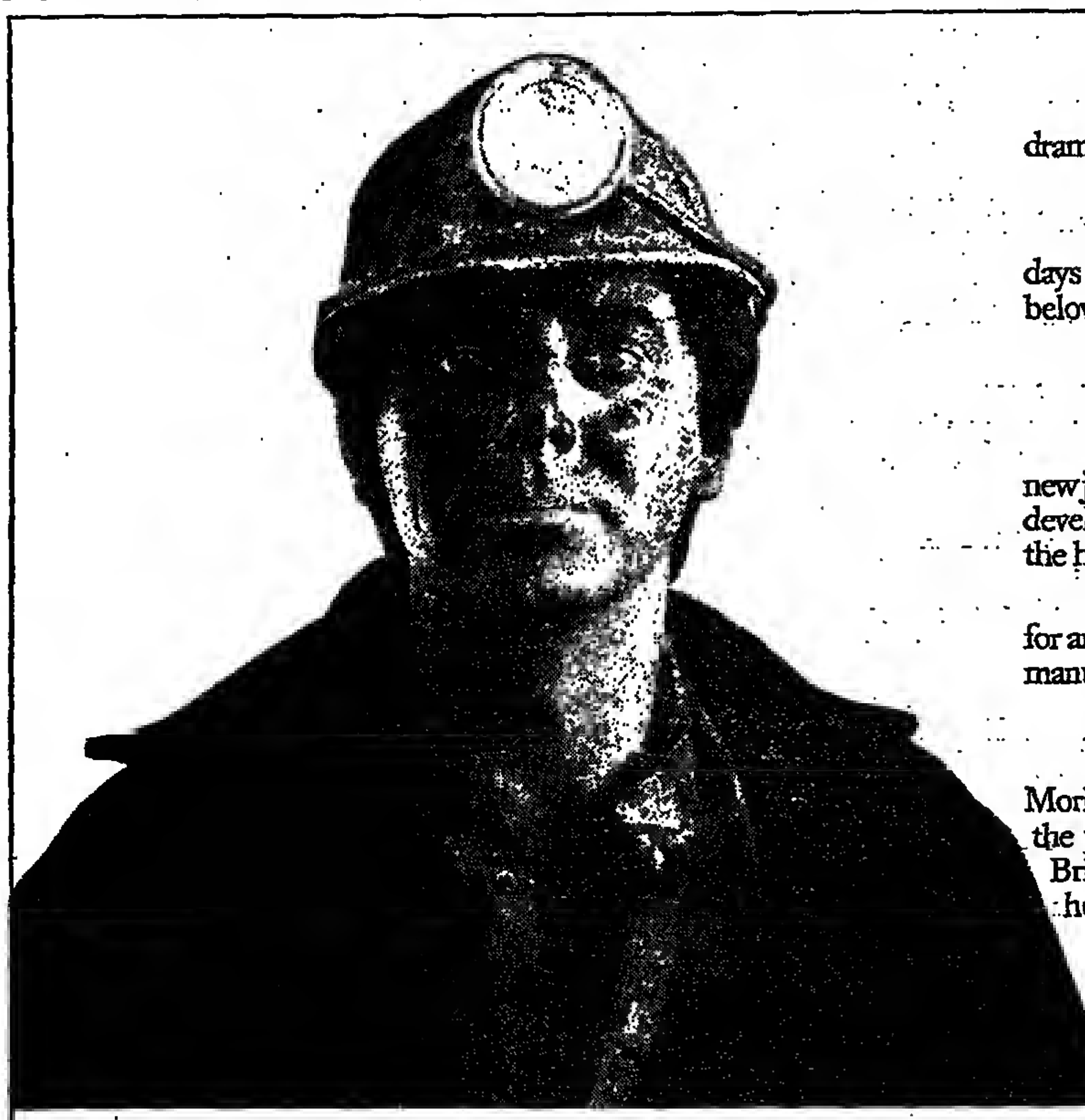
David Housego adds: A warning of a potentially alarming rise in social security costs has been given to the French Government by Insee, the official statistics bureau. Estimates in its latest monthly bullatin suggest that the deficit on social security spending could rise from FFr 40bn (£3.6bn) to FFr 66bn-FFr 120bn (£6bn-£10.9bn) by 1986 at constant 1981 prices.

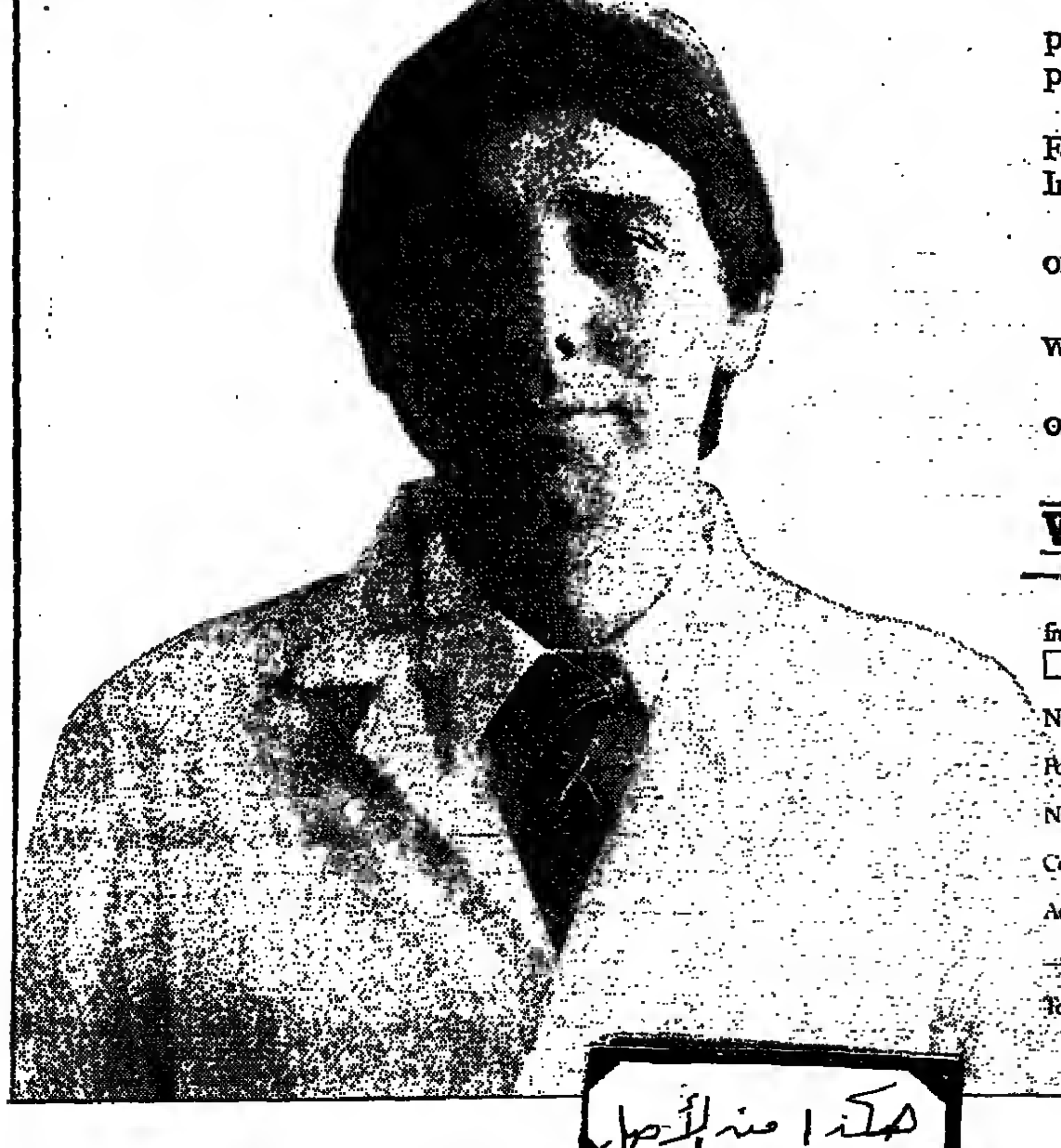
The expenditures cover health, pensions, unemployment benefits and family allowances. Under the French system, they are financed mainly from employers' and employees contributions and are administered separately from the government budget through funds jointly managed by employers and unions.

The warning of a spiralling deficit comes on the heels of a projected FFr 37bn (£3.3bn) shortfall for 1982-83 in the unemployment benefit fund (Unedic) alone.

An overbaul of the financing of the social security fund (excluding unemployment benefits) had been expected this year. It was recently postponed, however, as a result of the Government's decision to freeze employers' contributions to the fund at existing levels until mid-1983 in an attempt to ease industry's costs.

The financing of social security expenditures in France, as in most West European countries, threatens to impose an increasingly heavy burden of wage earners' incomes in the future.





Cyprus wants £250m aid from Britain

BY DAVID TONGE

MR NICOS ROLANDIS, the Cypriot Foreign Minister, is to meet Mr Francis Pym, his British counterpart, today to present a request for £250m in aid which, he argues, Britain has failed to give in the past 17 years.

Under the treaties establishing the Republic of Cyprus, Britain agreed to give aid to the newly independent government and obtained two sovereign bases on the island.

Mr Rolandis yesterday admitted that he was not very sanguine about obtaining the aid, but at least in part the request appears intended to remind the world that the Cyprus dispute remains unresolved.

The Greek Government has been insisting that far more weight should be given to "internationalising" the problem and has clashed with Nicosia over this.

Only last week, Mr Andreas Papandreou, the Greek Prime Minister, wrote to President Spiros Kiprianou criticising the latter's recent agreement to accelerate the intercommunal dialogua with the Turkish Cypriots and his formal pact with Akel, the Cypriot Communist Party.

Athens and Nicosia have now begun to close ranks again and both remain critical of the slow progress being made in the intercommunal talks.

President Kyprianou has agreed to continue these talks until be goes to the United Nations in June when he will review the talks' progress with Sr Javier Perez de Cuellar, UN Secretary-General.

Major problems remain over the form of republic to be established, though the Turkish side is now making clear that it will agree to withdraw from about one-sixth of the 36.8 per cent of the island which it seized in 1974.

Hungary on verge of joining IMF

By Reginald Dale, U.S. Editor in Washington

THE FINAL formal procedures for Hungary's admission to the International Monetary Fund are under way in Washington this week.

The process is expected to be completed in the next few days with the signature of an official certificate of agreement by Mr Jozsef Marjai, the Deputy Prime Minister, who is on an official visit to the U.S.

Mr Marjai bas been holding talks with U.S. government officials and with private bankers, who are expected to show increased confidence in lending to Hungary once it formally becomes a member the Fund. Hungary is not thought likely to seek an immediate drawing.

Western bankers' confidence in Eastern Europe has beeo severely shaken by events in Poland, as well as by last year's failure by Romania to keep up with its debt payments.

Two weeks ago, however, officials said that Romania had successfully completed negotiations with the Fund on reopening an SDR 1.1bn (£660m) standby credit which the country bad been prevented from using since last November.

Haughey promises strict control of public spending

BY BRENDAN KEENAN IN DUBLIN

THE IRISH Prime Minister, Mr Charles Haughey, said yesterday that tbe Government intends to adhere to its borrowing targets through rigid control of the public fioances. Speaking in the budget debate, he said that any additional spending would have to be met by cuts elsewhere.

Additional taxation might be needed, but be said the possibilities of raising extra revenue were becoming increasingly limited and there was a definite public opposition to further tax measures.

"It is mandatory, therefore, tbat we give greater attention to controlling the growth in public expeoditure so as to avoid taxation increases," be told Parliament.

Mr Haughey also said there wuuld have to be a new emphasis on exports, since the present arrangements and resources were not sufficient to generate the increase in exports which recovering international markets would offer.

Italy's Christian Democrats look for leader to head party revival

BY RUPERT CORNWELL IN ROME

DELEGATES TO the congress of Italy's dominant Christian Democrat Party were last night due to elect a secretary who will lead the party in what promises to be one of the most crucial periods of its bistory. The result is unlikely to be known until early today.

Up to the end, the favourite still appeared to be Sig Ciriaco de Mita, the deputy secretary. But the new system of direct election made tha outcome uncertain. Previously, the secretary has been designated by leaders of factions controlling a majority of the Christian Democrat national council.

If delegates follow the indications of faction leaders, Sig de Mita, who is on the left wing of the party, could win up to 60 per cent of the votes, compared with 40 per cent for his only rival, Sig Arnaldo Forlani, the former Prime Minister and current party president.

In his favour, it would seem, is the conspicuously anti-Socialist atmosphere of the congress. Sig de Mita has long adopted a much less compromising approach than Sig Forlani to the unconcealed ambitions of the Socialists, of whom the Christian Democrats are uneasy allies in government.

The question of relations with the Socialists has hung over the congress since its inception on Sunday. Speech after speech has given the impression that the Christian Democrats, after a year of buffeting by scandal, are intent on reasserting their own identity, ahead of a likely electoral showdown with the Socialists.

Irrespective of the result, tha back-stage manouevres so far have already produced what is, by Christian Democrat standards, an earthquake in the party's internal organisation.

Previously splintered right-wing and centre factions bave joined an alliance behind Sig Forlani. Sig de Mita, for his part, is supported by the faction led by Sig Benigno Zaccagnini, a previous secretary, which commands about 30 per cent of delegates. He is also backed by a new grouping called "New Democratic Initiative" headed by Sig Flaminio Piccoli, the outgoing secretary, Sig Amintore Fanfani, a former Prime Minister and traditional party kingmaker, and Sig Giulio Andreotti, also a former Premier.

All reject any notion of allowing the opposition Communist Party into government, but those behind Sig de Mita are still advocating greater co-operation with the Communists as a counterweight to the Socialists.

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Business leaders call for U.S. budget compromise

BY DAVID LASCELLES IN NEW YORK

BUSINESS LEADERS, showing mounting anxiety about the U.S. budget crisis, yesterday urged the Administration and Congress to hasten their efforts to find a compromise.

The call was issued by the Business Roundtable, an elite lobby group consisting of senior executives of many of the largest companies and banks. It is headed by Mr Clifton Garvin, chairman of Exxon.

In a brief but tersely worded policy statement, the roundtable urged the Administration and Congress "to reach a prompt settlement of their differences," adding, "such a settlement is critical to getting the economy back on a sound footing."

The Roundtable reaffirmed its earlier support for the basic direction of President Reagan's economic policies and said it would be willing to see limited tax increases as well as spending restraint to bridge the budget gap.

The statement, the Roundtable's second since the budget crisis blew up earlier this year, stems from the business community's growing anxiety about the depth of the recession, which it blames largely on the high interest rates caused by the $100bn plus deficits that loom in the Reagan budget plans.

In its first statement in March the Roundtable laid out a number of possible steps to narrow the deficits, including taxes on consumption and defence spending cuts, both of which might be harmful to business.

Anatole Kaletsky in Washington adds: In Congress, the tortuous process of budget making began in earnest yesterday when the Senate Budget Committee met to consider the first concrete alternative to President Reagan's discredited 1983 budget.

The chairman of the Republican-dominated committee, Senator Pete Domenici, put forward a plan to increase taxes by $125bn over the next three years, to freeze most spending programmes for a year and to cut about $5bn from the Reagan rearmament programme.

These measures, he said, would reduce next year's budget deficit to around $90bn. This compares with a deficit of $101.9bn forecast by the Administration for the President's programme and an independent estimate by the Congressional Budget office that the Reagan deficit would be $132bn. Without new budgetary measures, the deficit would be $182bn, according to White House estimates.

In addition to reducing the deficit to a more tolerable level, Mr Domenici believes that his savings would be politically more acceptable than the sharp cuts in most non-defence programmes proposed by the President.

Adding to the credibility of Senator Domenici's plan, the senior Democrat on the budget committee, Senator Ernest Hollings, has produced a similar proposal, differing mainly in its treatment of President Reagan's 1983 tax cut. Senator Hollings wants it eliminated, while Senator Domenici believes that revenues should be raised in other ways.

The White House is certain to oppose any tampering with the 1983 tax cut. The Treasury Secretary, Mr Donald Regan, repeated this yesterday. But Senator Domenici said that he would compromise with the Democrats on this issue and that he believes there would be enough support in Congress.

Despite these hopeful signs, there is little optimism in the Congress about a speedy resolution of the budget impasse. The sort of spending freeze being discussed in the Senate is almost certainly unacceptable to the House of Representatives, which has a Democratic majority. Many House Democrats are implacably opposed to the idea of eliminating cost-of-living increases on social security payments, which would be the most important part of any spending freeze.

Reuter adds: Mr Donald Regan, the Treasury Secretary, has said he favours placing a limit on the amount of benefits a company can reap under the tax leasing provisions of last year's Bill cutting business taxes.

He told a House of Representatives subcommittee that a ceiling should be placed on tax leasing because some companies abused it.

Salvador coalition Cabinet takes office

By Hugh O'Shaughnessy

EL SALVADOR'S Christian Democrats, extreme Right-wing Arena and conservative Party of National Conciliation (PCN) have each gained four seats in the 15-strong cabinet appointed in San Salvador on Tuesday. The other three seats are filled by Independents.

The list of the new Cabinet was announced by President Alvaro Magana after more than a month of bargaining since the elections for a constituent assembly in March.

The Christian Democrats, led by the then President Jose Napoleon Duarte, polled more than 40 per cent of the vote but were defeated by an alliance of conservative and extreme Right-wing parties.

The four Cabinet seats given to the Christian Democrat Party are seen as the result of pressure by the U.S. Government, which has strongly supported the grouping.

Washington has made it clear that any Salvadorean Government of the extreme Right would find difficulty securing support from the Reagan Administration.

U.S. officials have made the same point to the Salvadorean army, whose survival at the hands of Left-wing insurgents depends on continuing U.S. military assistance.

Gen José Guillermo García, Defence Minister in the Duarte Government, continues in the post.

The leading Christian Democrat in the new Cabinet is Dr Fidel Chávez Mena who retains the post of Foreign Minister he had in the Duarte Administration. Dr Chávez Mena, is a leading figure on the Right of the Christian Democratic Party.

The leading representative of the extremist Arena is Sr Miguel Muyschondt Yudice—at the Agricultural Ministry. Arena often declared its opposition to former President Duarte's land reform plans though these were never fully put into practice.

The appointment of an Arena Minister to the agriculture portfolio is seen as effectively ending any agrarian reform which in any case was seen to be beyond the financial possibilities of any Salvadorean Government during the present civil war.

Mary Helen Spooner in Santiago analyses the reasons behind recent cabinet changes

Growing pressures on Chile's market economy

THE eight-year-old régime of Chile's President General Augusto Pinochet is attempting to solve his country's current economic difficulties without creating any fluctuations in major policy which could give an impression of indecision and further erode confidence in the economy.

On April 19 the régime's ministers and other Cabinet level officials were abruptly ordered to hand in their resignations, in order to make way for new appointments. Three days later, a visibly tired General Pinochet announced the cabinet changes, which included the dismissals of two of his closest collaborators. Sr Sergio Fernandez, the civilian Interior Minister, has been replaced by a military officer, the vociferously anti-Communist General Enrique Montero. Chile's respected U.S.-trained Finance Minister, Sr Sergio de Castro, has also been removed.

Chilean officials insist that no major changes in the country's free market economic model are contemplated and point out that Sr de Castro was replaced by a likeminded civilian, Sr Sergio de la Cuadra, former president of the Central Bank.

Yet Sr de Castro's dismissal is thought to be the result of pressures from those nationalistic officials within the Government who would like to see the state play a stronger role in the economy. This group consists mostly of military officers.

Up to now this internal division between the hardliners and civilian economic officials, such as Sr de Castro, has been skilfully mediated by General Pinochet. The removal of the Finance Minister and the reduced number of civilians in the cabinet—from 11 four years ago to 6 last month—indicates the hardliners' growing influence.

Outside the Government, support for the free market model among Chile's business community apears to have ebbed significantly. Estrategia, the Chilean financial newspaper, recently published the results of a poll which showed 87 per cent of respondents indicating the Government should take steps to rectify the country's economic problems; less than 10 per cent thought the free market model contained the necessary mechanisms to correct these difficulties.

Meanwhile, international lending to Chile has declined, partly because of world recession and partly because of foreign bankers' concern over the growing number of bankruptcies and the Pinochet regime's move late last year to take administrative control over eight Chilean banks and finance companies. According to Central Bank figures, U.S.$308m (£172m) in external credits had come into Chile during the first three months of 1982. The figure for the same period last year was $508m.

General Augusto Pinochet: maintaining confidence.

Despite heavy pressure on the present exchange rate of 39 pesos to the U.S. dollar, which was set three years ago, Chilean officials have repeatedly insisted no devaluation would be considered. Critics of the regime's economic policy have maintained that the fixed exchange rate, along with Chile's low import duties have placed Chilean manufacturers and exporters at a severe disadvantage.

On the other hand, a devaluation of the peso would almost inevitably spur inflation, as well as provoke a damaging atmosphere of uncertainty over the Government's dedication to its own policies.

Bad debts and faulty administration continue to plague Chile's banking system. After selling some of its state-managed financial institutions and closing down the others earlier this year, the Government has taken over two regional banks the Banco de Fomento de Bio Bio, and the Banco Astral. Both institutions registered losses in the millions over the past few months, and the Government must guarantee depositors' accounts during the period of its intervention.

Chilean officials seem to think the efforts to prevent such financial institutions from collapsing are worth the high administrative cost. According to Sr Sergio de la Cuadra, the régime spent the peso equivalent of U.S.$600m during its management of the eight banks and finance companies it took over last year.

That expenditure has contributed to a threatened budget deficit of more than $1bn for this fiscal year, after several years of modest budget surpluses. To avoid such a deficit the régime recently announced a series of tax increases which drew fire from Chile's business community, while Chilean labour groups expressed concern about the possibility of increased unemployment caused by the budget reductions.

Government officials now say they are studying the possibility of eliminating income tax altogether and establishing a graduated tax on consumption, while General Pinochet has ordered a freeze on all dismissals in the public sector.

Unemployment in Greater Santiago, according to the latest figures from the National Statistical Institute, has reached 15 per cent, though many private economists put the figure as high as 20 per cent.

The mounting financial problems in Chile have also produced some defections from the ranks of the régime's economic supporters. The most spectacular in recent weeks has been that of former President and conservative leader Sr Jorge Alessandri.

In a recent speech Sr Allessandri called on the Government to alter the fixed exchange rate and to raise import tariffs in order to protect Chilean manufacturers. A recognition of past errors in its economy policy, he said, should not hurt the Government's credibility but instead "enhance its prestige."

Clark demands poll over failure of Alsands scheme

BY VICTOR MACKIE IN OTTAWA

MR JOE CLARK, leader of the official opposition in the Canadian Commons, has challenged the Liberal Government to call an election on energy policy.

In a fighting speech leading off an emergency debate in the Commons on Tuesday night, Mr Clark described the cancellation of the Alsands project and a two-year delay in the Alaska Highway natural gas pipeline "an unprecedented economic crisis."

Liberal Government policies have led to a "step by step disintegration" of the oil industry that has cost more than 200,000 jobs, said Mr Clark, who leads the Progressive Conservative Party.

Mr Allan MacEachen, the Minister of Finance and acting Prime Minister in the absence of Mr Pierre Trudeau, the Prime Minister, and Mr Marc Lalonde, Minister of Energy, faced a barrage of shouts of "Resign, resign, resign" as he attempted to defend the Government's policies.

Mr Clark argued that the national energy programme was hurting Canada's drive for energy self-sufficiency and was "extending the grip of Opec on this country." He urged the Liberals to sack Mr Lalonde and Mr MacEachen.

However Mr Lalonde, who is attending the Offshore Technology Conference in Houston, told a press conference that he expects Canada to be self-sufficient in energy by 1990 in spite of the cancellation of the Alsands project.

Nicaraguan accord signed in Moscow

RUSSIA yesterday promised to help Nicaragua prospect for mineral resources and to develop its mining industry under a bilateral agreement, Reuter reports from Moscow.

The accord, announced on the second day of a visit to the Russian capital by the Nicaraguan leader, Sr Daniel Ortega, also covered Soviet help with the development of farming, health protection, engineering and communications.

Sr Ortega met President Leonid Brezhnev on Tuesday and at a dinner the Soviet leader said Moscow wanted closer bilateral links but still approved of Nicaragua seeking to improve its strained relations with Washington.

$50m Colombian aid to fight poverty and coups

SAN ANDRES — Colombia is to provide $50m (£27.9m) in aid to Central America and the Caribbean countries to help combat high oil prices, poverty, military coups and revolution in the area, the Colombian Ministry of Development has announced.

Economic and Development Ministers from 21 Central American and Caribbean countries began a three-day meeting yesterday on the Colombian island of Sandrés.

Nicaragua, which has a territorial dispute with Colombia, was the only country of 22 invited which decided not to attend.

The U.S., Canada, Mexico and Venezuela are sending observers to the meeting. These nations have pledged $2.3bn to help stabilise Central American and Caribbean economies.

Colombia's $50m will help finance technical programmes, worker-training and co-operative development.

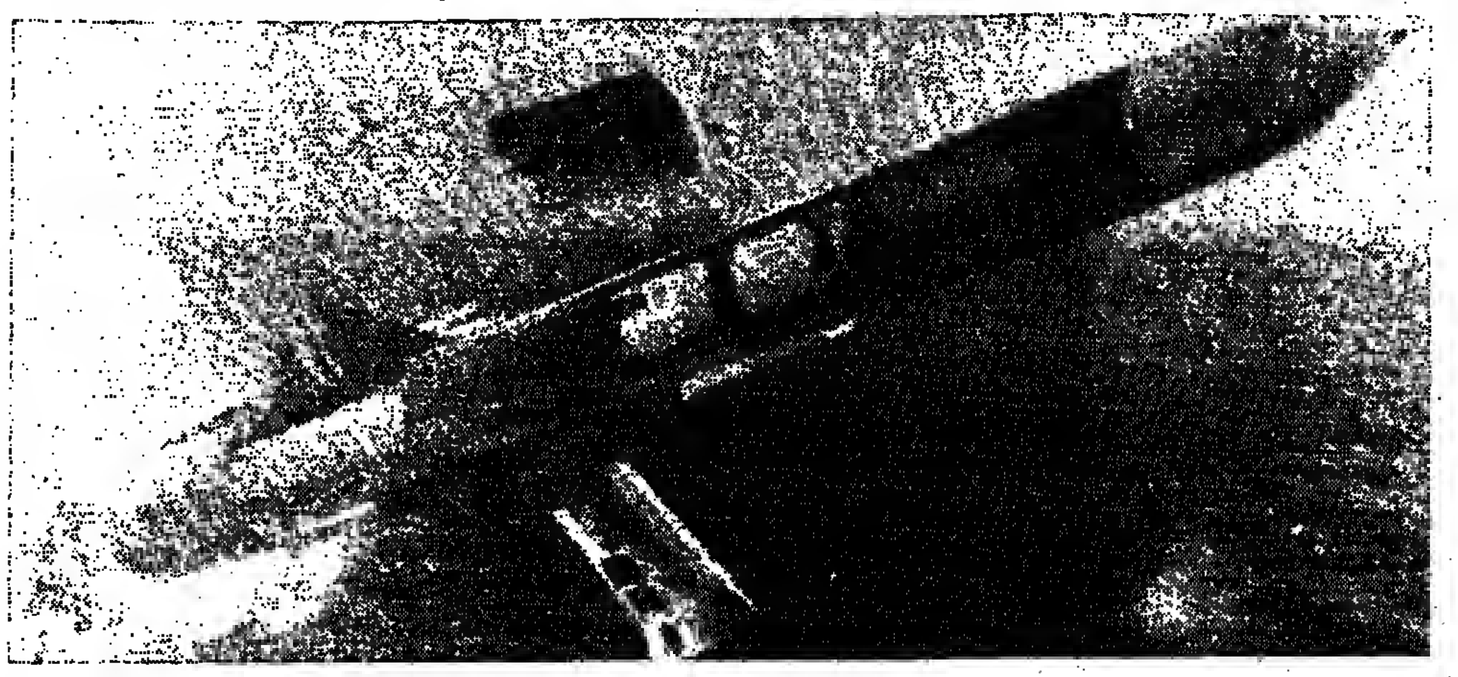
The Colombian Government also plans to tell the Latin American and Caribbean nations that each will get a $10m line of credit to finance Colombian imports.

The U.S., which is contributing to the aid plan, promised duty free status for most products imported from nations which are in basic agreement with U.S. policies in the area. Textiles and sugar are not included.

The U.S. said U.S. companies investing in the region would get a 10 per cent investment tax credit.

AP-DJ

THE FALKLANDS CRISIS



'No defence' against Exocet missile

THE FRENCH manufacturer of the missile used against the British destroyer HMS Sheffield said yesterday that current anti-missile systems were unable to provide a reliable counter to this kind of weapon, David White writes from Paris.

The Exocet AM39 missile (left), produced by the state-owned company Aerospatiale, is an airborne derivative of the successful Exocet sea-to-sea missile, the MM 38 (used by the Royal Navy, among others) and the more recent, longer-range MM40. There is also a submarine-borne version, the SM39.

Until the new U.S. Phalanx system becomes fully operational, a company spokesman said, "there is apparently no effective defence system against it." He said this was due to the missile's speed, its short flight time (about two minutes) and its automatic "fire and forget" targeting system.

The Exocet, a subsonic "sea-skimmer" with a range of 40 miles, has been sold in its different versions to some 25 countries. The French Navy, like the Argentines, uses the AM39 on Super-Etendard aircraft.

Buenos Aires ordered 14 of these aircraft, made by Dassault-Breguet for aircraft carrier service, in 1979. Deliveries were still in progress when the French Government, reacting to the Falklands invasion, cut off arms supplies early last month.

The airborne version of the Exocet has been sold to at least seven clients.

First produced in the early 1970s, the Mach 0.9 Exocet was presented as a revolutionary development since it could be fitted on small vessels, could be held at low altitude, needed no maintenance and enabled a ship to be "neutralised" by a single missile, or a salvo of two or three.

Under a Franco-British co-production agreement, UK companies also make the Exocet, accounting for 17 per cent of total output.

Aerospatiale and the French electronics group Thomson-CSF are working on a sea-air anti-missile system to defend against future generations of supersonic missiles, as part of another Franco-British programme known as AMSA.

A MEMORIAL service for those killed in the attack on HMS Sheffield will be held in Sheffield Cathedral on Sunday, May 9, it was announced yesterday.

Talks delay concern at P & O

By Andrew Fisher, Shipping Correspondent

THE GOVERNMENT received complaints yesterday from Peninsular and Oriental Steam Navigation (P&O) that talks on compensation for its four ships requisitioned during the Falklands crisis were taking too long.

The group is trying to speed them up, having provided the Department of Trade with a draft compensation agreement on April 8. "The talks are taking very much longer than we would have liked," said Mr Richard Adams, the chief executive.

He said that Lord Inchcape, P & O's chairman, had written to Lord Cockfield, the new Secretary of State for Trade, asking for an early meeting.

So far, the group has received between £1m and £2m to cover requisition hire costs and the fuel and stores on board the Canberra, Uganda, Norland and Elk.

The Canberra, P & O's cruise flagship, costs more than £100,000 a day to run—or some £3m a month. The older Uganda cruise vessel works out at around £60,000 a day.

Including the two ferries, the running costs of the vessels are £236,000 daily or more than £7m a month. P & O has been told verbally by the Department of Trade that it will be properly compensated.

P & O has already expressed concern that it will lose market share in the UK cruise market to Soviet-owned and other operators while it does not have the use of the Canberra and Uganda.

Since it presented the department with its draft, Mr Adams said: "There has been no reaction, even to the principles involved. It has been a ridiculous time."

The Department of Trade said the question of compensation was a complex area. "We are doing what we can," said a spokesman. Other companies also want the Government to speed up its talks.

Shipping experts said calculating "consequential losses" (the effect of requisitioning on future business) was almost a first time affair for the government.

Nott to seek U.S. aid for task force

by John Wyles in Brussels

MR JOHN NOTT, the British Defence Secretary, is expected to ask for U.S. materiel support for the South Atlantic task force at a meeting with his American counterpart, Mr Caspar Weinberger, in Brussels today.

While excluding U.S. military backing, President Reagan undertook last week to respond positively to materiel support, and Mr Weinberger appeared yesterday to be expecting Mr Nott to set out British aims.

"I am seeing John Nott tomorrow, and we will get some idea then of what the requirements are," said Mr Weinberger.

Both men are attending the spring meeting of Nato defence ministers which begins in Brussels today. Mr Weinberger had a range of bilateral contacts yesterday, after which he claimed that he sensed no diminution of support for the UK over the Falklands crisis.

After meeting his Canadian, Belgian and Dutch colleagues, Mr Weinberger said he found regret at the loss of the Sheffield and "a regret that we have not yet worked out a formula for an end to hostilities."

Speculation as to the kind of materiel support the British may be seeking from Washington has ranged from spare parts for Harrier aircraft to the provision of C-5 transport planes.

The Nato meeting, scheduled to last a day and a half, is not expected to devote much time to the Falklands, though the British may be keen to find some expression of support in the final communiqué.

While in Brussels for the Nato meeting Mr Weinberger will also be urging his colleagues to insert a "defence content" into the Nato heads of government summit which is due to be held in Bonn in June.

Fury in Argentina at U.S. 'treachery'

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA's anger at what it regards as U.S. "treachery" in the Falklands crisis emerged publicly yesterday, bringing relations between the two countries to their lowest level since President Leopoldo Galtieri took office in December.

The Argentine Foreign Ministry released the text of a letter sent to Mr Alexander Haig, the U.S. Secretary of State, on May 2, the day after hostilities with Britain began. The latter strongly criticises the U.S. decision to side with Britain in the dispute and to impose sanctions against Argentina.

"The Argentine people . . . will never forget that in one of the most critical hours of their country's history . . . the U.S. sided with a power that is alien to our continent and co-operated with its aggression," the text says.

In response to the growing tension, the U.S. has authorised all non-essential personnel at its embassy in Buenos Aires, and their dependents, to leave Argentina promptly. An embassy spokesman said that there was no plan at this stage for a general evacuation order for all U.S. citizens living in Argentina, but the decision to withdraw part of the 75-strong staff had been taken "in view of the tragic conflict in the South Atlantic and the unsettled conditions created by it."

Privately, U.S. officials in Buenos Aires have indicated their concern that growing anti-U.S. as well as anti-British feeling might spill over soon into public violence.

The Foreign Ministry says in its letter that the U.S. decision to side with Britain was threatening a serious rift between Washington and the rest of Latin America, since it went against the support for Argentina's sovereignty claim approved by the Organisation of American States.

The letter denies that Argentina rejected Mr Haig's latest peace proposals outright and says that Buenos Aires had asked only for clarification. It blames British intransigence for the collapse of the negotiations, and of attempted mediation.

The Foreign Ministry's letter reflected a widespread view in Buenos Aires that the U.S. mediation was really a sham, aimed at confusing and dividing Argentine public opinion and gaining time for the British task force to consolidate its position.

A number of Argentine newspapers yesterday, including the mass circulation Clarin, were openly speculating that U.S.-Argentine relations had now reached such a low point that the U.S. ambassador to Buenos Aires, would be withdrawn soon.

Anti-U.S. feelings in the Argentine capital is now running so high there seems to be little likelihood of Argentina accepting a revival of Mr Haig's personal peace initiative at a later stage. The Argentine diplomatic initiative now appears to be firmly focused on the United Nations and on any mediation which other Latin American countries, such as Peru, might be able to offer.

Remedial action threatened over import ban

BY BRIJ KHINDARIA IN GENEVA

ARGENTINA HAS threatened to take "formal remedial action" within the General Agreement on Tariffs and Trade (Gatt) against the EEC, Canada and Australia, if they do not lift the imports ban announced following the Falkland Islands invasion.

In a letter to Mr Arthur Dunkel, the director-general of Gatt, Argentina estimates at $2bn (£1.1bn) the losses arising directly from the ban. It says the ban violates at least eight Gatt articles and constitutes refusal to fulfil "the fundamental obligations" stemming from Gatt membership.

But the letter's tone is not entirely belligerent. It also asks Mr Dunkel to use his good offices with the EEC before a meeting tomorrow of Gatt's council, which interprets Gatt rules. The Argentine delegation is reported to have drafted a lengthy condemnation of the EEC, Australia and Canada to rouse Third World opinion in the council against the import ban.

Although rarely used, certain Gatt provisions allow a member country to retaliate against trade bans imposed by others in violation of Gatt rules.

Argentina says the import ban denies it most favoured nation treatment—a cornerstone of Gatt—and infringes other rules forbidding use of import curbs and of measures that might harm the foreign trade of a developing country.

No formal contacts have taken place in Geneva between the EEC and Argentina, but the EEC has written to Mr Dunkel stating its position.

The EEC points out that the Falklands are an "overseas territory" under its founding Rome Treaties, which allows collective trade sanctions to protect national security interests.

The import ban is based on Article 21 of Gatt, which allows any country to deny benefits of Gatt membership to another country because of "international crises" even if it is not itself at war.

Several Third World countries see the EEC's unilateral sanctions, imposed without a call by the United Nations, as an unwelcome precedent.

"It is alarming that the EEC has been turned into a group which uses trade sanctions to achieve political and diplomatic aims, or to support a war effort by one of its members," one Third World diplomat said.

Meanwhile, the EEC is trying to play down Gatt's relevance to the import ban and is expected to keep a low profile on Friday to prevent the discussion from sinking into political rhetoric.

Bonn fears worsening crisis

BY JONATHAN CARR IN BONN

"WHEN THE FIRST Argentine ship is sunk it won't only be you British who will have the whole of South America and most of the Third World against you—we will inevitably be involved too."

This comment, made 10 days ago by a senior West German Government official, shows with what underlying fears Bonn gave its support to Britain in the early stages of the Falkland Islands crisis. Those fears are now being fully realised.

The West Germans see themselves, and their European Community partners, being drawn deeper into a situation over which they have very little control, and which they feel has serious political, economic and strategic implications.

West German politicians—whether in Government or opposition—remain united in condemning Argentina's military occupation of the islands. They strongly hoped that U.S. efforts to gain a peaceful solution would succeed.

It was against this background that Bonn went along with EEC trade sanctions, believing that would intensify pressure on Buenos Aires and make a negotiated settlement more likely. But, it is stressed, this action did not imply that Bonn was giving a "blank cheque" of support for whatever military action Britain might take.

The sinking of the cruiser General Belgrano is seen in Bonn as a grave escalation which, at least, puts a question mark over the EEC's future stand on sanctions.

Support for the EEC action was only given by Bonn in the first place with serious misgivings. The Economics Ministry, above all, repeated its arguments against trade sanctions: that they are highly unlikely to achieve their aim and can easily rebound on those who adopt them. In that case the heavily export-dependent West Germans would be among the main sufferers.

Apart from the danger to the heavy West German economic interests in Argentina, Bonn has several concerns.

It is felt that the Falklands conflict will intensify "North-South" friction, with the Europeans and the U.S. increasingly under fire, so that the spotlight will move away from Soviet action in Afghanistan and over Poland.

It is also believed that this in turn could give Moscow the chance to strengthen its foothold in Latin America.

Further, it is felt that the despatch of British ships and troops to the South Atlantic amounts to a weakening of Nato's northern flank which may prove hard to make good.

The West Germans deplore the sinking of HMS Sheffield and fear there will be still bigger losses of men and equipment if worsening conditions at sea encourage the British to make an all-out armed attack on the islands themselves.

French call for end to hostilities

By David Housego in Paris

THE FRENCH Government yesterday called for an immediate end to hostilities over the Falkland Islands and a separation of forces. The French statement, issued after the weekly cabinet meeting over which President Francois Mitterrand presides, makes the growing disquiet over the conflict.

It did not specifically repeat France's support for Britain against aggression by Argentina, but said that France would remain in close liaison with her European partners.

Since the sinking of the Argentine cruiser, General Belgrano, European sympathy for Britain has been slipping. France is worried by a potential backlash of opinion in Latin America against Europe while also anxious to safeguard its own overseas territories from the precedent that Argentina's seizure of the Falklands might have established.

President Mitterrand on Tuesday criticised the methods used by Argentina and said that France was keeping open the option of intervening in the crisis along with other states when it seemed that such a course could influence events.

The cabinet statement deplored the "hundreds" dead in the conflict and called for the strict application of United Nations resolution 502.

The French Government also expressed its hope that the UN Secretary General would rapidly move to re-establish negotiations. The Government spokesman recalled the importance France attached to the principles of international law and to UN decisions.

Conflict frightens off Atlantic oil companies

BY ANDREW WHITLEY IN BUENOS AIRES

ALL OIL exploration and drilling work in Argentina's potentially rich offshore regions has been halted because of the conflict with Britain.

Argentina is virtually self-sufficient in oil thanks to discoveries on land, but has yet to start producing oil in the rough waters of the south Atlantic. Three strikes of oil and gas in commercial quantities have been made so far.

Competition for the oil deposits which are believed to exist around the Falklands and in the disputed Beagle Channel region shared with Chile nearly led Argentina to war with Chile in 1978. It is likely also to have been in the back of Gen Leopoldo Galtieri's mind when he launched the invasion of the Falklands last month.

Over the past few weeks, foreign oil companies working offshore—Shell, Exxon and a Total led consortium—have pulled up stakes and withdrawn. When they will return is uncertain.

The last of the three foreign drilling rigs operating in the region, Shell's Interocean-2, which had been working off the eastern mouth of the Magellan Straits, is being towed away from the fighting zone to safety in Uruguay, 1,400 miles away.

The fact that it has not been towed to the nearby Chilean port of Punta Arenas is an indication of Shell's concern that the hostilities may spread.

Immediately after the Argentine invasion of the Falklands, Shell executives in Argentina were emphasising publicly that the company is majority Dutch-owned, saying they had no plans to pull out of the country temporarily in line with their colleagues in many other foreign companies.

Since then the situation has changed. This week the second rank of Shell expatriots in Argentina was withdrawn, following their superiors abroad.

Italy lobbies EEC over mediation

BY JAMES BUXTON IN ROME

ITALY IS seeking support in the rest of the EEC for a joint request to the Secretary General of the United Nations to mediate between the two sides in the Falklands conflict.

The issue will be high on the agenda for tomorrow's meeting in Hamburg between Sig Giovanni Spadolini, the Italian Prime Minister, and Chancellor Helmut Schmidt of West Germany. Italy would like West German and also French support for the proposal, which would be put to the EEC Foreign Ministers' meeting in Belgium on Saturday and Sunday.

The proposal—that Sr Javier Perez de Cuellar, the UN Secretary General, should mediate in person—is thought to have greater prospects of success than a recourse to the UN Security Council, where Britain might veto a resolution imposing a ceasefire. Sr Perez da Cuellar has stated his willingness to carry out such a mission.

The sinking of the Argentine cruiser General Belgrano has changed Italy's perception of the conflict and lent urgency to its previous repeated calls for a peaceful negotiated settlement. The subsequent loss on Tuesday of the British destroyer, HMS Sheffield, has only emphasised the need for peace.

In spite of Italy's support for Britain in the EEC, it has strong ties with Argentina, nearly half of whose population is of Italian origin.

Yesterday, Pope John Paul called in St Peter's Square for prayers for the victims of the fighting on both sides and an end to the conflict. He also asked for prayers for the success of a peace mission by Sr Perez de Cnellar.

Americans aghast as farce turns to tragedy

BY ANATOLE KALETSKY IN WASHINGTON

"IT'S NO LONGER a jolly little war," reflected the New York Times yesterday. Like a stunned circus audience watching an acrobat falling, perhaps to his death, from a tightrope, people in the United States seem both aghast and somehow obscurely conscience-stricken by the death of Argentine and British soldiers and sailors this week in the Falklands.

In Argentina and Britain the sudden escalation of fighting this week may have produced a new rush of patriotic fervour or righteous indignation but, in the U.S., instead of adrenalin there has been only shock and a touch of revulsion. Shock, because the U.S. television viewer saw the Falklands, until this Monday, as a gripping, but ultimately absurd and frivolous sideshow. Mr Haig, the U.S. Secretary of State, and Mr Pym, the British Foreign Secretary, and an endless stream of commentators and experts warned that there would be bloodshed but, even for an average guest at a political Washington dinner party, these warnings bad little impact.

Argentina and Britain were walking a tightrope, but tightrope walkers in thia day and age do not fall off. If they do, people assume there is a safety net to catch them.

That, perhaps, is why there is now a sense of guilt in any conversation about the Falklands. In addition, many people in the U.S. still tend to believe that their own government is inevitably somehow involved in any conflict, wherever it happens around the world. The critics who urged Mr Haig to cease his shuttle diplomacy several weeks ago, did so in part because they feared that he would only burden the conscience of the U.S. unnecessarily with another bloodv struggle.

More important for Britain is the degree of revulsion mixed with this guilt. For, bowever much they may instinctively side with the British against Argentina one does not meet many Americans who clearly see a vital principle at stake in tha conflict. Certainly not a principle that would justify laying down tbe lives of many men.

Tbis is the crucial difference between the U.S. and British views of the crisis. It is generally believed in the U.S. that the British do not want sovereignty and that "Argentina's craving for sovereignty over the islands will be satisfied" in the end, as the Washington Post argued yesterday. Even the U.S. Covernment does not accept that self determination for the Falklanders can be paramount.

Indeed, a senior Administration official privately described as a "terrible mistake" the British Covernment's decision to make this a basis for its policy. "The British government can't be held hostage by 1,700 sheep farmers," he says. "We know that and they know that." He might have added that the U.S. public knows it too.

As far as the Administration is concerned, the only vital principle is that territorial disputes must not be settled by armed force. The trouble with this principle is that it depends for its emotional appeal on the avoidance of bloodshed.

The American people have never taken easily to the argument that life must be lost to preserve peace, particularly since Vietnam. Indeed numerous recent polls show that they wish, for example, to atop the arms race and to stop supporting El Salvador even though they firmly believe tha communists will unscrupulously exploit such restraint.

For most people in the U.S., the key reason for supporting Britain appears to have little to do with the rule of international law. Britain is not just an ally, but a country which many of them know, like and admire. Argentina is not. However, the one way to force many Americans into an anti-British atance in conversation is to insist that U.S. support for Britain is morally and strategically necessary and not just contingent on the countries' traditional bonds of friendship. The trouble with this kind of contingent support is that it could start to crumble at tha first sign of disunity within Britain itself.

Similarly, the people who side with Argentina or adopt a neutral position are mostly those who are personally familiar with Latin America, or believe that tha U.S. should look to its own continent for trade, culture and defence, more than it does to Europe. They range from right-wing figures such as Senator Jesse Helma, to liberal officials at institutions like the Inter-American Development Bank and the United Nations, to left-wing Latin American organisations whose main role in the past has been support for anti-U.S. movements in Nicaragua and El Salvador.

The Reagan Administration itself does not appear to have too many strong supporters of Argentina in its inner councils, despite the initial suspicion of the resentful British public. "There was never any doubt in anybody's mind that we would support Britain if there was no peaceful solution," said a senior State Department official. "Both the British and Argentine Governments knew this from the first day of the crisis. The British specifically agreed, and they said this publicly, that evenhandedness would give us the best chance of finding a negotiated solution.

"But in the rest of Latin America it's not at all clear that our relations have been damaged by finally backing Britain. We've made it evident that we will not tolerate military solutions to territorial disputes. We have made no commitment on sovereignty or self-determination. In the long run, most Latin American countries will approve of our stand on the principal of non-aggression. There are at least seven other border disputes in Latin America (most important are between Belize and Guatemala, Venezuela and Guyana, and Chile and Argentina).

If this account of U.S. policy is accurate, then both the U.S. and the British Covernments obviously failed badly in their public relations by allowing their domestic media and politicians to gain the impression that U.S. support for Britain was highly uncertain. The worst effect of this was to provoke invidious comparisons between the relative importance of Britain and Argentina as allies and indeed between Nato and the Rio Treaty.

Scratching the surface of many Americans' attitudes, one can find strong support for U.S. isolationism. With a little provocation people were quoting the Monroe Doctrine as if it was a universally accepted ordinance of international law.

For the far right, the weeks of uncertainty about the Reagan Administration's final decision were an invitation to compare Europe's lassitude on Poland with Latin America's support for U.S. policy in El Salvador, Nicaragua and Cuba.

All the talk did not amount to very much, hnt the Falklands episode will undoubtedly leave a bitter taste for both sides of the Nato alliance. If, however, U.S. public opinion backs away from Britain in the weeks ahead, nobody should attribute this to its love of South American dictatorships. It is just that the Americans are loth to see their friends dying in out-of-the-way places for what, to them, are shadowy causes.

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Michael Thompson-Noel reports on cuts in Australia's aluminium sector

Hard times for the 'Cash-a-Can' kids

AUSTRALIAN stock markets have for months felt the effects of the recession that has gripped the mining sector, and brought the country's much-touted resource boom temporarily to a halt.

Yet it was only recently that the mining recession came truly home to roost, when Alcoa of Australia announced it was cutting the rate pay back for used aluminium drink cans.

Alcoa, the country's largest aluminium concern, operates 307 Cash-a-Can centres across Australia. Last year, it paid A$3m (£1.78m) for 323m used cans, which were then recycled. Times are hard, though, and Alcoa has cut the used-can rate by 22 per cent, to the consternation of the children who collect the cans at sports grounds, and rely on them for pocket-money.

It is the gloom in the country's bauxite, alumina, and aluminium businesses that probably best typifies the pricking of the resource bubble. As recently as 1980, the Department of Trade and Resources in Canberra was predicting that by 1985, Australia "could become the world's largest exporter of primary aluminium": exporting 1m tonnes a year, worth more than A$1.5bn at then-current prices.

The forecasts are slipping, however. The slump in world aluminium markets, together with rising domestic costs in labour and construction, has meant the abandonment or deferral of numerous major projects, and a severe re-appraisal of Australia's ability to claim her place as a major aluminium supplier — even though she is the world's leading producer of bauxite and alumina.

In recent developments:

● Alcoa said it was about to put its newest alumina refinery, at Wagerup, just south of Perth, in mothballs, until at least next year, having spent A$320m on the first stage. There are also reported to be problems with its new Portland aluminium plant in Victoria. It is reckoned it will cost about A$1m a month just to maintain Wagerup. Alcoa's net profit in the March quarter showed a modest 7 per cent fall, to A$22m, but it will probably not escape so lightly in the rest of the year.

● Partners in the A$1bn Worsley alumina refinery, in Western Australia, are reported to be anxiously seeking contracts for the 1m tonnes it is initially designed to produce. The partners are Reynolds of the U.S., Shell Australia, Broken Hill Proprietary (BHP), and Kobe Alumina Associates of Japan.

● Alcan of Australia, which has already cancelled a proposed 296,000 tonnes-a-year aluminium smelter at Goodwood, in Queensland, postponed construction of a third potline worth A$149m at its Kurri-Kurri smelter, near Cessnock, New South Wales, which would have boosted capacity from 90,000 to 135,000 tonnes.

● Broken Hill Proprietary, Australia's biggest company, has abandoned plans to build a A$600m aluminium smelter at Lochinvar in the Hunter Valley, New South Wales. The original consortium consisted of Alumax (45 per cent), BHP (35 per cent) and a group of Japanese companies, including Mitsui, with 20 per cent.

● Comalco, Australia's second biggest integrated aluminium producer which began producing aluminium metal at a new A$660m smelter at Boyne Island, Queensland, only in March, reported a slump in earnings for 1981, from A$75.1m to A$28.4m. It warned that international companies were re-assessing Australia's investment attractiveness because of "discouraging pressures" which could not solely be attributed to downturns in the business cycle.

As a partial antidote to this run of bad news, CRA, which owns 45 per cent of Comalco, said last month it was paying A$100m for a 50 per cent stake in Showa Aluminium Industries, the aluminium smelting, fabricating and marketing arm of the Showa Denko Group of Japan.

The move reverses the trend towards Japanese investment in Australian resource companies, signals the start of Australian involvement in specialised minerals processing in Japan, and gives Comalco (of whom another 45 per cent is owned by Kaiser Aluminium of the U.S.), preferred access to Japan for sales to Showa, provided the Australian aluminium industry remains price competitive.

Japan has cut back heavily on her own aluminium smelting capacity of late, because of the onerous cost of oil-fired power.

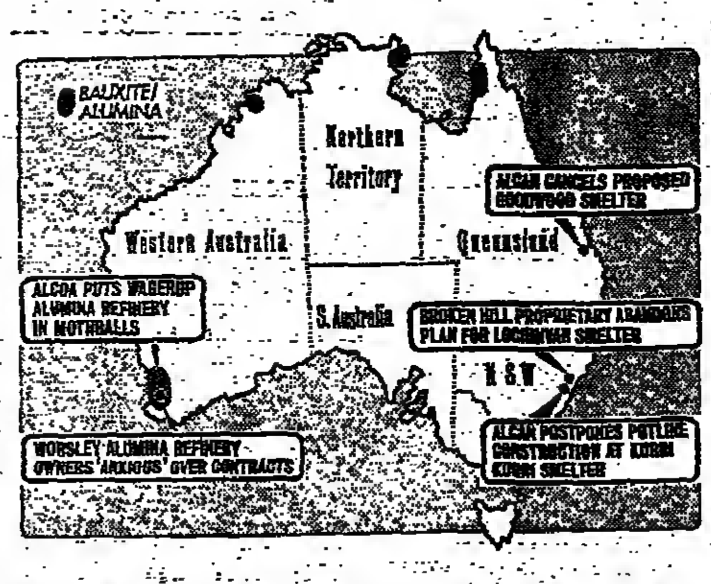
As with other minerals, metals and mining products, Australia has the resources to make a major impact on the world aluminium stage. But is it surrendering — even squandering — its edge?

Australia's bauxite reserves are put at about 6.18bn tonnes, of which 4.44bn are classified as economic. Preliminary estimates put its bauxite production last year at 25.9m tonnes. Alumina production in 1981 is estimated at 7.1m tonnes. Current capacity is 7.5m tonnes, and projected capacity by 1985 9.4m tonnes.

It is at the aluminium stage that the most painful cutbacks and re-vamping of forecasts have been made.

In 1980, Australia produced 304,000 tonnes of aluminium. In 1981, it produced an estimated 379,000 tonnes.

Two years ago, it was forecast that by 1985, Australia would be smelting 1.2m to 1.3m tonnes of aluminium yearly. But the cuts and deferrals have been such that Canberra said this week its current projection for 1985 was 975,000 tonnes, and even that may be optimistic.



Indeed, a Sydney research company, Australian Mineral Economics, said last week that it expects Australia to be accounting for only 6.6 per cent of world aluminium capacity by 1985, compared with an earlier forecast, less than 12 months ago, of 9.3 per cent.

The cost of the finished product is the key, which is why Alcoa cautioned recently that half the world's aluminium capacity relies on hydro-electricity, the cheapest form of electric power, and that major new capacity coming on stream would use either hydro (Brazil, for example), or cheap Middle Eastern gas.

To compete, Australia must strive to use its vast reserves of coal cheaply, although Alcoa calculated recently that its Port Henry smelter in Victoria was being charged 2.3 cents per kilowatt hour for electricity, compared with an international average of 1.3 cents per kwh (excluding Japan), or 1.6 cents per kwh (including Japan). But there are other cost pressures, including freight (to say nothing of maritime strikes and demurrage charges), wages, construction, and government tax.

Mr John Ralph, the Comalco chairman, warned recently of "a real danger of collision between expectations and reality," and said Australian trends in labour costs, government charges, and inflation, gave grounds for serious worry about the country's future competitiveness.

If nowhere else, his remarks may have found a receptive audience among the Cash-a-Can kids scurrying to collect empty drink cans at the local game of footie.

China budgets for record grain harvest

BY TONY WALKER IN PEKING

CHINA IS budgeting for a record grain harvest this year despite a severe drought in several of its northern wheat-growing provinces.

Projected grain output for 1982 is 338m tons, compared with 332m tons in 1979, a record year. As China's forward grain production estimates have been conservative in recent years, it is possible output could be higher.

China's grain production last year totalled 325m tons, according to figures released last week by the State Statistical Bureau.

The projected grain output figure was included in the 1982 plan outlined to a meeting of the standing committee of the National People's Congress by Yao Yilin, China's state planning chief.

According to Yao, China's growth rate this year will be about 4 per cent, much the same as last year.

Western agricultural experts in Peking are surprised China should be budgeting for a record harvest this year, given the drought. One official described the estimate as "pretty optimistic."

Provinces affected by the drought include Hebei which encloses Peking, Shandong to the east of the capital, Henan to the south and Shanxi to the west. The worst-hit area is south of Peking near Shijiazhuang, Hebei's provincial capital. The United Nations disaster relief organisation has been channelling food and medicines to this area.

Peking is facing a water supply crisis. Water levels in the city's main reservoirs are dangerously low and peasants are being forced to dig wells deeper, thereby lowering the water table.

The 1982 plan provides for:

● A budget deficit of about $1.7bn, in line with estimates given to a meeting of the National People's Congress last year.

● Oil production of about 100m tons, much the same as last year.

● Coal production of 625m tons, up 5m tons on last year.

● Increased output of industrial crops such as cotton.

● A further reduction in steel production as part of the readjustment of the national economy which gives priority to light industry. Steel output will be down by about 4 per cent to 34m tons.

● $1.9bn to be set aside for the repayment of foreign loans.

● Spending of $16.5bn on capital construction, a 28.8 per cent drop on last year.

Yao warned that China's economy still faced dangers from inflation and he urged that strict control be kept on prices and the operation of the market.

Israeli opposition joins attack on army shootings

BY DAVID LENNON IN TEL AVIV

MODERATE Palestinian mayors and members of Israel's opposition Labour Party yesterday launched a fierce attack on the way the Israeli army has handled the recent disturbances in the occupied West Bank and Gaza Strip, during which some 15 Palestinian youths have been shot dead by Israeli soldiers.

But General Rafael Eitan, Israeli Chief of Staff, denied yesterday that there had been any change of policy towards demonstrators in the occupied territories. Every shooting by soldiers had been fully investigated and in no case had army regulations been infringed, he told the Knesset foreign affairs defence committee.

On the West Bank, four Palestinian students died yesterday when an old land mine they were believed to be handling, exploded near Jenin. In the Gaza Strip, two Palestinian refugees were shot in the legs by Israeli soldiers when residents of the Jabalya refugee camp near Gaza attacked an army patrol with stones and a petrol bomb.

Mr Rashad al-Shawa, the Mayor of Gaza, yesterday described as "barbaric and shameful" the methods used by Israel to crush the demonstrations. The Gaza mayor, a noted moderate, said he did not see any end to the clashes with the army.

In the Knesset foreign affairs and defence committee members of the Labour Party were sharply critical of the shooting of the young demonstrators. Gen Haim bar-Lev, a former Chief of Staff, said that there had been a drastic deterioration of the situation on the West Bank and in the Gaza Strip since the establishment of the Israeli civil administration at the end of last year.

Bombing at Lebanese mosque

By Nora Boustany in Beirut

ANOTHER attack against a mosque in Aramoun, southeast of Beirut, has injured four people and heightened fears of an outbreak of sectarian strife unprecedented since the civil war of 1975-76.

A car bomb blew up in front of the Azbari Mosque, close to the home of the spiritual head of Lebanon's Sunni Moslem community, Sheikh Hassan Khaled.

Suharto set for landslide

By Richard Cowper in Jakarta

PRESIDENT SUHARTO'S army backed "new order" regime in Indonesia seems set to win its third landslide election victory in a row following charges of unfair play by the country's leading opposition group the Moslem-backed United Development Party (PPP).

With around three quarters of the potential 82m votes already counted, it appears that the Government's Golkar (functional groups) Party may even improve on the 62 per cent share of the total vote it won during the last general election in 1977.

According to preliminary results issued by Indonesia's general election committee yesterday Golkar has so far won 64 per cent of the votes counted, with the PPP taking 28.1 per cent.

Strike closes Volkswagen plant in South Africa

BY BERNARD SIMON IN JOHANNESBURG

A RASH of strikes by black workers has brought almost a dozen plants in South Africa to a standstill. By yesterday, about 9,000 workers were on strike.

The most serious stoppage has been at the assembly plant of Volkswagen's local subsidiary near Port Elizabeth, where 5,600 workers have downed tools in protest against the retrenchment of 316 colleagues last month.

The lay-offs are a result of weakening motor vehicle sales, and Volkswagen — like several other motor manufacturers — is cutting back production.

According to a Volkswagen spokesman, the workers have agreed to return today. The union refused to negotiate until the strike was called off, reflecting the increasingly tough line taken by strike-bound employers recently.

Besides Volkswagen, the industrial unrest is centred on metal and engineering factories on the East Rand near Johannesburg. Companies affected include subsidiaries of Anglo American, Anglo-Transvaal Industries and Abercom.

Workers in the engineering industry are demanding immediate wage increases. The industry's largest black trade union has refused to take part in the current round of wage negotiations being conducted with employers through the sector's industrial council. The union insists that collective bargaining should take place at factory, rather than industry, level.

Shipbuilding drive

BY OUR PEKING CORRESPONDENT

A SIGN of China's determination to step up its shipbuilding activities was the establishment this week of a new corporation to oversee the country's shipyards. The China Shipbuilding Corporation will take over the responsibilities of the old Sixth Ministry of Machine Building and also the functions of the Ministry of Communications as they related to ship construction.

In the past three years China has made good progress in its shipbuilding activities. According to a recent People's Daily report, 34 ships of more than 10,000 tons each have been exported since 1979. Some shipyards are also starting to build offshore drilling rigs for export.

The FT, in its report yesterday of the Chinese bureaucratic changes, may have given the impression that all but one of the Machine Building Ministries were to be abolished.

This is not the case. For example, the Third Ministry of Machine Building, previously responsible for aviation, becomes the Ministry of Aviation Industry.

The Seventh Ministry of Machine Building becomes the Ministry of Space Industry. The Second Ministry becomes the Ministry of Nuclear Industry. Accompanying the name changes will be administrative shake-ups.

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WORLD TRADE NEWS

UK to tighten Nigerian export credits

BY MICHAEL HOLMAN AND QUENTIN PEEL

EXPORT CREDIT guarantees for trade with Nigeria will only be awarded for normal credit terms of up to 180 days, except for major contracts involving capital goods, British exporters were warned yesterday.

Rules on the granting of export insurance with Nigeria will be, if anything, more strictly enforced in the wake of the Nigerian government's clampdown on imports announced last month, Mr Joe Wilmot of the Export Credits Guarantee Department (ECGD) told a London conference yesterday.

British exports to Nigeria, which last year reached £1.5bn, are likely to be cut by as much as £500m this year because of the curbs, and consumer goods exports will be the hardest hit, the traders were told.

The aim of the Nigerian measures, announced by President Shehu Shagari on April 20, is to cut the monthly import bill from an average $1.8bn to $1.2bn, because of a monthly trade deficit of around $600m.

Details of how the Nigerian moves will affect exporters were spelled out at a conference of the London Chamber of Commerce and Industry by officials from the Department of Trade, the ECGD, and Nigerian trade specialists from Standard Chartered Bank and the Société Generale de Surveillance, the company responsible for pre-shipment inspection of virtually all Nigerian imports.

Mr John Rivett, of the business development division of Standard Chartered Bank, warned that the new regulations, including higher import duties, stricter licensing of imports, extension of the pre-shipment inspection scheme, and a slowdown on all new capital projects, would last at least until the next budget in October, if not for a full 12 months.

Nigeria's trade balance has been drastically affected by a slump in its oil production, down from some 1.8m barrels a day in January to an average of little more than 900,000 b/d in March.

The fall in oil earnings has seen a consequent drastic fall in foreign exchanges reserves. These have fallen from Naira 5.6bn (£4.6bn) in October 1980 to Naira 3.4bn by the end of last year. At the end of March this year, said Mr Rivett, they had dropped to Naira 1.3bn and are now thought to be about Naira 700m—only two weeks' import cover.

"Pre-shipment inspection is here to stay," Mr Rivett warned the seminar, pointing out that the policy is estimated to have saved Nigeria Naira 557m in three years.

Under new measures, pre-shipment inspection will be mandatory for all exports to Nigeria above Naira 5,000. But Mr Rivett confirmed that "all invoices about that figure will be subject to pre-shipment processing by the Central Bank, who will determine whether or not inspection is required," and it is expected that the majority of goods between Naira 5,000 and Naira 10,000 will be inspected.

Under the new measures the Government has introduced what is effectively a priority import list with the level of deposits required from importers ranging from 50 per cent for food (except rice, which is exempted) to 250 per cent on passenger cars.

The deposits—which are non-interest bearing—are payable when Form M (the essential document for foreign exchange remittances) is submitted to the commercial bank.

"Unless the importer complies with this requirement," warned Mr Rivett, "no foreign exchange will be released." Banks will issue a credit advice quoting the relevant Form M, and it was "essential," he told the seminar, to obtain a copy of Form M at an early stage.

Swedish group wins £24m South Yemen deal

By William Dullforce, Nordic Editor, in Stockholm

ABV, THE Swedish construction group, and Compagnie Francois d'Entreprises (CFE) of Belgium, have won a SKr 250m (£24m) contract to build a harbour at Al Mukalla in South Yemen. The order was placed by the South Yemen Port Authority.

The harbour, located some 700 miles north-east of Aden, will contain a quay 520 metres long and will be capable of receiving vessels of up to 10,000 tons. It will also serve as a fishing harbour, ABV reported yesterday.

Work on the project is to start immediately and the contract stipulates that it shall be completed within two years. Building materials and machinery will have to be conveyed to the site by sea.

ABV, Sweden's second largest construction concern, expects to reach a turnover this year of around SKr 7bn, of which roughly a quarter will be generated outside Sweden.

While ABV has been active abroad for only 10 years, CFE has been handling foreign contracts since the 1940s. CFE has an annual turnover of around £400m.

The emphasis in the carrier market is on demolition, not buying, **Andrew Fisher writes**

'Tankers for scrap' sales rise sharply

"IT BROKE my heart to sell such ships for scrap," said a rueful Mr Ronald Ilian, head of BP Shipping, of the three big tankers sold by the UK oil group for demolition last year. Apart from the need to dispose of them at all, he was particularly sad that the VLCCs (very large crude carriers) were equipped with the latest safety and anti-pollution equipment.

But the emphasis in the world's tanker markets has for some time been on scrapping rather than buying VLCCs or ULCCs (ultra large). In the first few months of 1982, the pace of sales for demolition has risen sharply. But shipping experts still feel there is a long way to go before the vast tanker fleet surplus comes down by anything like enough.

While the activities of a few errant Argentinian scrap metal merchants on the former whaling island of South Georgia may have caught world attention before the Falkland Islands were invaded, the demolition needs of the international tanker owners are on a much larger scale. Last year, a record 40 VLCCs were sold for scrap, representing 5 per cent of the world VLCC fleet.

So far this year, at least 8m deadweight tons of tankers have been sold to the breakers, well over half the figure of over 13m dwt for all of 1981. Exxon, the major U.S. oil concern, has disposed of five VLCCs of around 250,000 dwt each in recent weeks, thus appearing to bear out Mr Ilian's remark that "1982 will be a watershed year."

Mr Ilian's pessimism was expressed at a recent London meeting of the International Maritime Industries Forum (IMIF), a grouping of shipowners, shipbuilders, bankers and oil companies. He reckoned that equilibrium for the tanker fleet was as far away as ever.

Many operators, including oil companies, would have to make up their minds whether they want to stay in the shipping business, he commented gloomily. It could well be as late as 1987 before supply and demand at the larger end of the market started returning to balance.

Apart from recession, the tanker sector has suffered from the changing patterns of world oil trading. With more crude oil coming from sources like Alaska, Mexico, and the North Sea, there is less need for supertankers to sail to and from the Gulf.

The size of the world tanker fleet is about 360m dwt, including combined carriers which can also be used for dry cargoes. Oil and shipping experts generally reckon that only 250m dwt or so of oil carrying capacity will be needed up to and beyond 1985, thus leaving a huge surplus.

If the IMIF had its way, more would be done to promote scrapping around the world. But "scrapping is a tinpot industry," noted Mr Michael Champness of the London shipbroking company of John I. Jacobs, who was also at the IMIF meeting. "It is gravely undercapitalised." Taiwan leads the world scrapping league and last year took 32 VLCCs for demolition.

Taiwan has 10 berths theoretically capable of handling 60 VLCCs a year, or some 15m dwt. South Korea, which took eight VLCCs last year, is the next largest force in the industry. Altogether, total world scrapping capacity is put at up to 20m dwt a year. But there are still nearly 200 ships of the type most vulnerable to scrapping—tankers of 200,000 dwt or more built up to 1972.

On this basis, there are some years to go before the tanker fleet matches demand. Organisations like the IMIF and Intertanko (International Association of Independent Tanker Owners) want to see more countries develop demolition capacity. Nigeria and China are two possibilities.

"If you can build a ship, you can demolish one," said Mr Champness, who would like more shipyards to turn in part to scrapping rather than building. As for end-use, the IMIF has been trying to interest European construction companies in using rerolled steel from ships, but with no real success to date.

Earlier this year, a minor scrapping landmark was reached when Pakistan took its first VLCC for breaking up on Gadani Beach. The French-owned Brumaire was sold for under $4m. Built in 1971, the 230,000 dwt vessel was in "superb condition," said Mr Peter Greenhow of Harley Mullion, the UK shipbroker which fixed up the sale. "It was a casualty of the shipping market."

He was on the ship in February is it was taken to the beach, which already had 90 vessels of various sizes and stages of break-up. The Brumaire will probably yield 34,000 tons of steel and be demolished by July. If the price is right, he hopes to sell Pakistan another VLCC. But the world steel depression has not helped scrap prices.

In these tough shipping times, the grim business of sending ships to the graveyard is as welcome for brokers as any other. Mr Greenhow reckoned that between a third and a half of his company's turnover came from ship sales for demolition.

❛ Many operators, including oil companies, will have to make up their minds whether they want to stay in the shipping business. It could well be as late as 1987 before supply and demand at the larger end of the market start returning to balance ❜

WORLDWIDE SHIP DEMOLITION
(million dwt)

	1977	1978	1979	1980	1981
Dry cargo/ passenger ships	1.8	5.2	4.8	2.5	1.5
Tankers	9.2	14.8	5.5	8	13.5
Total	11	20	10.3	10.5	15

Source: R. S. Platou, Oslo

CHARLES DE GAULLE AIRPORT

Terminal two—a radical departure

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BUSINESS AND other travellers between London and Paris by Air France are now using a new facility — Terminal Two at Charles de Gaulle Airport (called CD9-2) at Roissy — which has just become fully operational.

Built at a cost of more than £100m, it represents a radical departure from the original circular-shaped Terminal One at Charles de Gaulle (CDG-1) by reverting to the "linear" concept (that is, with the buildings along a line on either side of a main access road).

The Paris Airports Authority, which designed and built both terminals at Charles de Gaulle Airport, found that the circular shape of CDG-1 proved too complicated for both airlines and passengers.

Air France, which together with Air Inter, the French internal airline, are the sole users of CDG-2, preferred to return to the linear concept, because of the easier handling it provided, for both passengers and baggage.

The new CDG-2 terminal was first opened late last year, and throughout the winter both Air France and Air Inter have progressively moved into it.

It is now the main base for Air France's short-haul European flights, and for most of its long-haul operations, although some long-haul services, such as those to the Caribbean, still use Orly Airport, on the other side of Paris.

Orly Airport is being retained for many French domestic flights, for the Caribbean and some other long-haul operations, and many European short-haul flights by international airlines.

The move by Air France from CDG-1 to CDG-2 has been dictated by growing congestion. CDG-1 is now virtually at saturation point of 10m passengers a year — it is used by long-haul airlines serving Paris as well as many foreign airlines short-haul including British Airways and British Caledonian.

The new CDG-2, with its two curving terminals on either side of the main access road (CDG-2A and CDG-2B), is capable of carrying up to another 10m passengers a year CDG-2A, on one side of the access road, is for Air France long-haul flights, while CDG-2B on the other side of the road is for short-haul flights, including those between Paris and London.

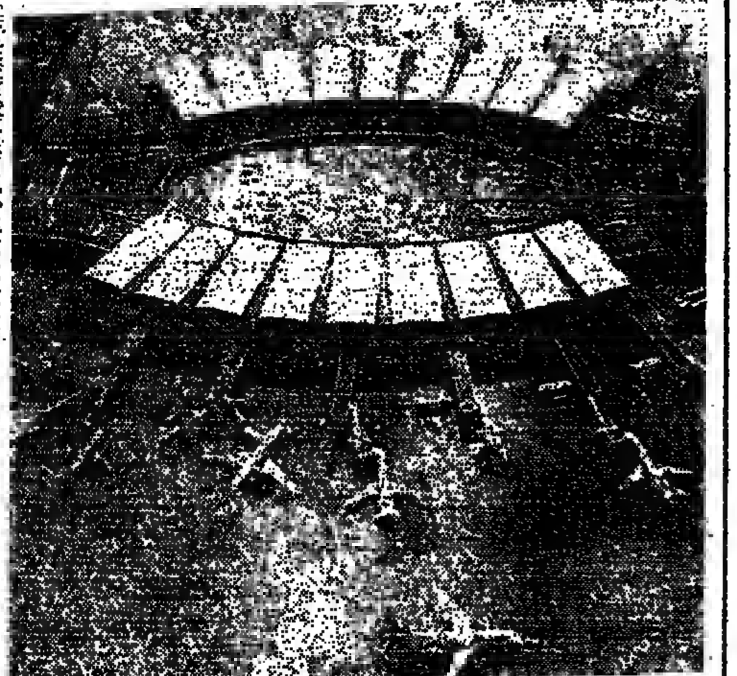
One of the problems that this move has thrown up is that the original concept of a Channel Air Bridge, with both British Airways and Air France operating from the same locations in both Heathrow and Charles de Gaulle is now disrupted.

In London Heathrow, both airlines use the new Eurolounge, which links both Terminals One and Two, with a common departure and arrivals gate system.

In Charles de Gaulle, whereas both British Airways and Air France formerly used the same gate system in CDG-1, now only British Airways (and British Caledonian) use CDG-1 whilst Air France has moved its London flights to CDG-2.

British Airways was offered the chance of also using the new CDG-2, but declined because it could not get its own handling operation there.

This split in the Channel Air Bridge at the Paris end may prove inconvenient for some transit passengers, but there is a shuttle bus service between CDG-1 and CDG-2.



Terminal Two at Charles de Gaulle Airport, Roissy, Paris.

Inquiry announced into BR's financial future

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

AN INQUIRY into the financial future of Britain's railways was announced yesterday by Mr David Howell, Transport Secretary.

The inquiry's chairman, Sir David Serpell, a former senior civil servant, is being asked to report back to Mr Howell in five to six months, which indicates that the Government views the matter with some urgency.

The inquiry's terms of reference are "to examine the finances of the railway and associated operations, in the light of all relevant considerations and to report on options for alternative policies and their related objectives, designed to secure improved financial results in an efficiently-run railway in Great Britain over the next 20 years."

Mr Howell, in a written answer in the Commons yesterday, said he expected the conclusions of the committee "will illuminate the options which are open and so provide a firm foundation on which my colleagues and I can establish clear objectives and make justifiable financial provision for the future of the railways."

Sir Peter Parker, BR chairman, has been pressing the Government for a review for the past year in the hope that the results would demonstrate the need for a new financial framework. Sir Peter called yesterday's announcement "a decisive step towards a new Railways Act."

Sir David resigned as part-time member of the British Railways Board to take up the inquiry chairmanship. Sir David, who retired from the Civil Service in 1972, was Permanent Secretary of the Ministry of Transport from 1968-70, and of the Department of the Environment from 1970 to 1972.

The other members of the inquiry committee are: Mr P. Butler, whose report on BR's short-term financial position commissioned by the Transport Secretary a few months ago will now become part of the wider review; Mr Alfred Goldstein, consultant engineer; and Mr Leslie Bond, director of the Rank Organisation.

The outcome of the inquiry, which Mr Howell said yesterday would be made public, and the resulting decisions could be the most critical for BR since the Beaching review in the early 1960s which resulted in extensive cuts in BR's network.

The Serpell inquiry may not please both Sir Peter and Mr Howell. Sir Peter wants a reconstruction of BR's capital structure, but decisions about the size of the network might be less to his liking.

Jenkin firm on private role in electronics

By Guy de Jonquieres

THE DEVELOPMENT of Britain's electronics industry must be guided by the commercial judgment of the private sector, not by government, Mr Patrick Jenkin, the Industry Secretary, said last night.

While the Government was prepared to support and work closely with the industry in key areas, he said: "It is the industry that must be prepared to concentrate its energies where the prospects are brightest."

"If companies do not have the prime responsibility for their own research and develop ment and their own market strategy, surely we will simply perpetuate that comfy overdependence of the industry on Government patronage which many see as one of the sources of our problems."

Mr Jenkin's remarks were clearly directed both at electronics companies and at the National Economic Development Office, whose electronics committe called on government earlier this week to join with manufacturers and trades unions to chart a selective strategy for the industry's development.

More should be done to improve Britain's performance in the world electronics market, Mr Jenkin conceded. But he made it clear at a dinner of the Electronics Engineering Association that he was unhappy with several conclusions of the committee's report.

He rejected the accusation that the Government was responsible for the electronics industry's failure to exploit fully the commercial applications of technology generated by defence contracts. Although Government contract procedures should be improved, he suggested that much of the blame lay with industry.

"Is it possible that the relative security of cash flow from defence contracts tends to be seen as a cushion rather than as a springboard for risky international business outside the defence field?" he asked.

Individual companies might choose to concentrate on selected activities, leaving other markets to their competitors. But while NEDO recommended that such decisions should be taken as part of a broad national strategy, Mr Jenkin said they should be up to the companies

Civil service pruned by 9%

Financial Times Reporter

THE SIZE of the civil service in Britain fell by 9,000 in the first quarter of 1982 to 666,400, a reduction of 65,900 or 9 per cent since the Government took office.

The fall in the first quarter was the largest in any quarter for two and a half years, and means the Government is more than half way towards its target of a civil service of 630,000 by 1984, compared with 732,000 at the time of the last General Election.

The present civil service comprises 528,000 non-industrial and 138,400 industrial civil servants. The reduction in the first quarter came almost equally from each section.

Bank of Scotland launches Visa card

THE BANK OF SCOTLAND is launching its own Visa card and is discontinuing promotion of Barclaycard through its branches. The new card will also serve as a guarantee card for cheques worth up to £50. Cardholders will also be able to use the Visa card to draw up to £50 a day at branches of Barclays Bank, Allied Irish Bank, Clydesdale Bank, Co-operative Bank, Royal Bank of Scotland, Trustee Savings Bank and Yorkshire Bank. Barclaycard will continue to back the new policy.

BL foundry rescue bid collapses

FORMER EMPLOYEES of the defunct British Leyland foundry at Wellingborough, Northants, have abandoned plans to reopen the plant as their own business, despite the promise of £2m worth of new orders. Each of more than 150 ex-workers had chipped in £500 of his redundancy pay towards the scheme, but nearly £1m would have been needed to get the foundry working again. The foundry was closed last year with the loss of more than 500 jobs, as part of BL's cost-cutting programme.

Gould to expand transformer making

GOULD UK, a subsidiary of U.S.-owned Gould Incorporated, is to diversify into the manufacture of Activair Batteries and expand its transformer manufacturing at Wrexham. The company is taking over three Welsh Development Agency factories. Each of 10,000 sq ft, for the new activities, which will create 130 jobs.

Diesel microjector sackings at Lucas

MORE than 200 workers are to lose their jobs at the Ipswich factory of Lucas CAV. The firm, which manufactures a diesel microjector for the U.S. car market, blames the slump in the market for the 235 redundancies—half the factory's work-force. The diesel microjector was hailed as a world-beating export product when production began.

Job cuts at BSC agreed by workers

MANAGEMENT plans to cut 100 jobs in scrap metal, canteen and fire and security departments at the British Steel Corporation plant at Corby, Northants, were approved yesterday by more than 3,000 tube workers there.

Patients' awareness adds to GP's work

SEVEN out of ten general practitioners believe their work load has increased over the past three years, according to a British Medical Association survey. The majority believes that the increase is caused by a greater awareness by patients of their health needs, and by demand stimulated by media cover

Power contract boosts hopes for smelter

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE GOVERNMENT has approved the broad framework for a power contract which greatly increases the prospects for reopening the Invergordon aluminium smelter in the Highlands.

The decision opens the way for talks to find a buyer for the huge plant, north east of Inverness, which British Aluminium closed in December with the loss of 890 jobs.

Senior ministers meeting on Tuesday were understood to have agreed that Invergordon—a heavy consumer of electricity—should receive power at a rate similar to smelters south of the Border. A government subsidy of £20m a year is thought to be involved.

Government officials in Scotland, who have supported the reopening of the smelter, have consistently pointed out that smelters at Lynemouth and Anglesey receive cheaper power than did Invergordon.

The Scottish Office has been asked to work out details of the power package.

Once a formula has been worked out—and this could take several months—negotiations can begin with the four or five companies known to be interested in buying the smelter.

Negotiations could not have gone ahead unless a potential buyer knew he would receive electricity at a viable rate.

A vital element of the rescue package is Government readiness to absorb the costs involved in providing power at a reduced rate.

Some of the strongest opposition was encountered among government ranks over having to meet such a large subsidy. Acceptance of the backing averts the prospect of spreading the burden.

British Aluminium closed the smelter partly because of the price of electricity. The price of electricity to the company had been linked with the production costs of the Hunterston nuclear power station in the west of Scotland. The company became involved in a protracted legal battle with the electricity board over costs, following technical problems at Hunterston.

British Aluminium agreed at the time of the closure to keep the plant in working condition until June, by which time it was hoped a buyer could be found.

The Highlands and Islands Development Board, which has made contacts with potential buyers, have forecast that market conditions for aluminium will improve in 1985 to give the smelter a relatively sound future.

BP pulls out of plan for coal liquefaction

BY RAY DAFTER, ENERGY EDITOR

THE NATIONAL Coal Board's plan to develop the first pilot coal liquefaction plant in Britain, at a cost of £55m, is on the brink of collapse following the decision yesterday by British Petroleum, which was to have been a key equity partner, to withdraw from the project.

The NCB is hoping to build the 25-tonne-a-day plant at Point of Ayr in North Wales with support from other energy companies, the Department of Energy and the European Community. BP and the Phillips Petroleum group of the U.S. had indicated that they would be partners in the venture.

It is understood that Phillips also is reassessing its involvement in the project, although there was no confirmation from the company last night.

BP, which was to have invested about £10m in the plant, said it had formally told the coal board of its decision yesterday.

"The decision is a result of a reappraisal, which we have been carrying out in recent months into our alternative fuels interests, and reflects our current view that commercial prospects for coal-derived liquid fuels are now more uncertain and distant than we originally believed."

The move is in line with steps taken by other oil companies—particularly in the U.S.—which have resulted in the abandonment or postponement of big synthetic fuel projects. The oil industry is concerned that the recent fall in oil prices, together with projections of relatively stable energy prices in the future, could make synthetic fuel projects uneconomic.

The coal board said last night that it was "disappointed" with BP's decision, but it was intent on maintaining the project: "We remain committed to the national importance of coal as a source of liquid fuels."

It was being emphasised last night within the Board that the cancellation of important synthetic fuel projects abroad made it more important that UK continue its coal liquefaction development. That would enable the NCB and others in the UK energy industry to gain a lead in synthetic fuel technology.

Even so, the NCB now has to find new partners. It has been told by the Energy Department that the Government would be willing to inject £5m as its share of the project, only if private industry were to carry its full share of costs.

In Whitehall it was being said last night that the department was showing "continuing interest" in the board's proposals.

The board wants to build the plant to demonstrate its liquid solvent extraction process—technology which enables coal to be "cooked in its own juices" to produce petrol, diesel fuel and kerosene. The proposals follow meetings of the coal industry tripartite committee, representing the NCB, the Government and the National Union of Mineworkers.

It is understood that the cost of building the plant and running the operation for an initial three-year period is now estimated to be more than £55m at current prices.

Government irritation with Neddy increases

BY MAURICE SAMUELSON

A 47-PAGE document from the National Economic Development Council (Neddy) on Britain's industrial policy was described yesterday by Mr Patrick Jenkin, Industry Secretary, as so lacking in specific proposals that to grapple with it was "like wrestling with cotton wool."

His remarks, at a meeting in London of the tripartite council were the latest symptoms of the Government's dissatisfaction with the role of Neddy, set up two decades ago by a previous Conservative administration.

Sir Geoffrey Howe, the Chancellor, said Neddy was weak on implementation and tended to indulge in "slogan swopping."

... The meeting, which was also to have discussed import curbs, was cut short when Ministers were summoned to an emergency Cabinet meeting on the Falklands crisis.

The paper on industrial policy was criticised, less harshly, by the Confederation of British Industry for a lack of specific proposals, although the unions welcomed it as a basis for recommendations.

Mr Geoffrey Chandler, Neddy's director-general, said the council had failed to recognise that the paper was intended to be only the first part of a two-stage analysis. His office hoped to present "valid proposals" this year.

The Government seems to have been irked by the paper's emphasis on the lack of continuity in industrial policy—which had become more marked since the beginning of the present Conservative administration, the paper said.

Home electronics market 'faces flood of imports'

BY JASON CRISP

BRITAIN will face a growing flood of imported consumer electronics products like colour television, video recorders and home computers if there are not significant changes in policy by manufacturers and government, according to a report published by the National Economic Development Office (NEDO).

It predicts a massive growth in demand for advanced new products and says that on current trends there could be a UK trade deficit of £1bn in consumer Electronics Sector Working arty, says the trade deficit could be limited to £420m, whic could be limited to £420m, which would prevent a further decline in employment in the industry. (In 1980 the deficit in the sector was £364m, compared with £105m in 1975).

The sector working party has four main recommendations:

- Greater collaboration between sectors of the industry to combine technological skills with volume manufacturing and strength in mass marketing;
- Companies should exploit ownership of distribution channels to accelerate growth of new products while supporting UK production.
- Manufacturers should reverse the trend to import more components. Buying integrated circuits from abroad precludes a close customer-supplier relationship and restricts companies to the rate of innovation achieved elsewhere.
- High levels of capital investment to increase automation in the assembly of printed circuit boards and other areas of production, such as using robotics.

Reserves fall by $810m to lowest for three years

BY DAVID MARSH

GOLD AND foreign currency reserves last month slumped by $810m (£532m) to their lowest for more than three years. More than half the fall was due to debt repayments and valuation adjustments.

It also reflected significant Bank of England intervention at the start of last month to steady the pound in the early days of the Falklands' crisis.

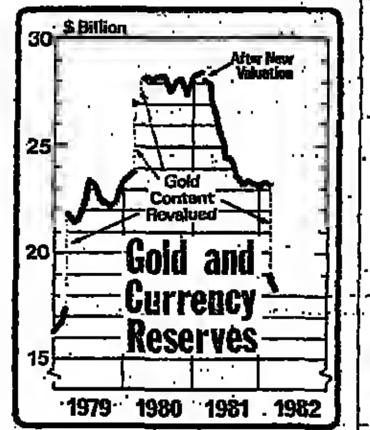
The Treasury yesterday reported the official reserves at $18.16bn at the end of April, compared with $18.97bn at the end of March.

The underlying fall, after allowing for public sector debt transactions and the new quarterly valuation of Britain's European Currency Unit "swap," was $394m, the largest since September.

This figure is a product of a variety of central banks transactions in the month but gives a general idea of the volume of intervention.

The underlying fall was substantially less than the $677m drop in September when sterling came under severe pressure following the weakening of oil prices. This supports the Treasury and Bank of England view that April's flurry of pound-selling was relatively limited and mainly confined to the early part of the month.

The reserves have dropped $5.19bn since the start of the year although most of this reflected a $4.2bn decline in March due to annual revaluation of gold and currancy holdings.



The other elements in last month's fall were repayment of $202m of Britain's series of foreign currency bonds issued in April 1977 to foreign central bank holders of sterling balances; repayment of $121m of public-sector borrowing, mainly by the Electricity Council; repayment of $100m of the oil facilities granted to Britain in 1976 by the International Monetary Fund and a valuation reduction of $77m in Britain's Ecu swap.

This last mainly reflects the gold price fall since January. Under Britain's participation in reserve-currency arrangements with European Economic Community central banks the Bank of England deposits 20 per cent of the gold and dollar reserves in return for Ecus, on a valuation basis revised every three months.

U.S. 'drops plea' to buy plutonium

BY DAVID FISHLOCK, SCIENCE EDITOR

THE U.S. has abandoned plans to buy or lease plutonium from Britain to help to meet its growing demand over the next few years.

This is the understanding of senior British Government officials, who believe that the Reagan Administration accepts that the Pentagon must make its own arrangements to provide extra plutonium for nuclear weapon programmes.

The U.S. Government approached Britain last year with a request for plutonium from Britain's civil stockpile. This stockpile has accumulated through the reprocessing of spent nuclear fuel from the electricity-generating Magnox reactors of two British electricity utilities.

According to figures recently disclosed by the Department of Energy, Britain has a stockpile of 33 tonnes of civil plutonium, increasing at the rate of two tonnes a year.

Fears had been expressed by the nuclear industry that if the Government agreed to sell or lease plutonium to the U.S. to help to provide the "tens of tonnes" the U.S. requires for a fast-breeder reactor development programme, it would allow scarce U.S. plutonium stocks to be made available to the Pentagon.

The Central Electricity Generating Board was perturbed that such a deal between the two governments could hamper its efforts to win greater public acceptance for nuclear power.

Mr John Moore, minister responsible for the nuclear industry, told the U.S. electricity industry in Los Angeles yesterday that Britain "has no plans for putting any plutonium derived from civil power stations to military use."

Britain has also accepted the application of international safeguards to all its civil nuclear facilities, in accordance with a tripartite agreement with the International Atomic Energy Agency and Euratom.

Mr Moore said at a conference of the Edison Electric Institute, trade association of the U.S. electricity supply industry that public acceptance was crucial to the success of nuclear power. The Government could neither dismiss nor ignore public fears and anxieties.

He cited four ways in which Britain was trying to tackle those such fears:

- By a "coherent and understanding" system of licensing;
- By demonstrating that technical solutions—particularly for nuclear waste disposal—did exist;
- By accepting international safeguards on all civil nuclear plant;
- By maintaining the right balance between "public debate" and ensuring that nuclear development was not bogged down.

Bubble and squeak jumps out of the frying pan... and into the freezer

Raymond Snoddy reports on restaurants with 'something traditionally English' on offer

BUBBLE AND SQUEAK, the traditional British way of making leftover potatoes and cabbage palatable, is making a comeback in London in the shape of a fast food.

Two bubble-and-squeak restaurants have been opened and a third is on the way. All will offer a take-away service.

"We have so many superb foods in this country that have been forgotten about," said Mr Peter Marshall, the man behind the project.

There is, however, a lot more bubble than squeak in Mr Marshall's version of the dish.

"We decided that cabbage was not a very marketable thing," he says. The new bubble and squeak is made from shredded potatoes, onions and herbs and owes more to the Swiss version of the dish—Rosti—than the British.

It is really intended as a bun substitute to wrap around egg, cheese, beefburger and corned beef fillings.

Mr Marshall, who has been made redundant three times from marketing posts in large leisure companies, is using £50,000 of his money to back his view that there is a need for a new British fast food to combat such foreign invaders as the hamburger and the pizza.

Barclays Bank has given Mr Marshall a loan of £135,000 — £70,000 under their business start-up scheme. The Industrial and Commercial Finance Corporation has provided £70,000 and holds 30 per cent of the equity.

The bubble and squeak restaurants have been called Knights, after Mr John Knight, who made real bubble and squeak in his transport cafe in Leigh Street near Euston Station for nearly 40 years. Five years ago, when Mr Knight retired, Mr Marshall took over the transport cafe and turned it into a wine bar. One of the new restaurants is four doors away.

Mr Knight still lives in the neighbourhood and regularly eats the new product — although, he points out, it is rather different from the transport cafe version.

For some years Mr Marshall had believed in the medium- and long-term prospects for the fast-food market and had been looking for a "traditional" English product.

He considered casseroles and steak-and-kidney pies.

"One day I was talking to a food manufacturer and said that I was just off to make myself some bubble and squeak. He said he had made some the previous day and wasn't it delicious. It was almost eureka," Mr Marshall said.

It took more than a year of experimenting to turn bubble and squeak into a fast food. Pre-cooked potato fell apart and was difficult to handle.

Now the process has been refined. The bubble is made in the company's own manufacturing kitchen and takes 2 minutes, 12 seconds to cook in the restaurant.

Mr Marshall believes that his fast food bubble and squeak will have national appeal and would also be successful in the U.S. But without the backing of a larger group, he says, Knights would not have the resources to expand beyond three or four restaurants in the immediate future.

Judge orders owner to sell twice-chartered ship

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A SWEDISH shipowner chartered a vessel to a Belgian ferry operator in flagrant disregard of the fact that the vessel was already on charter to a Canadian company, a Commercial Court judge said yesterday.

Mr Justice Parker resolved the dispute, which resulted from what he described as the "extraordinary conduct" of Stena Line, of Gothenburg, owner of the Stena Nautica, by a judgment of Solomon.

He said Stena should sell the Nautica to the Canadian company, C. N. Marine, for C$11.8m (£5.36m), as provided for in the Canadian charter and C. N. Marine should let the vessel complete her two-year Belgian charter to Regie Voor Maritiem Transport.

For the past few months Regie has been operating the Nautica as a car/passenger ferry on the Dover-Ostend route in association with British Rail.

C.N. Marine and Regie were awarded damages, to be assessed, against Stena.

The judge said Stena had caused the Canadians and the Belgians acute difficulty and embarrassment.

In February Regie chartered the Nautica for two years, at US$8,800 (£4,900) a day, with options to extend for a further year and to purchase the vessel for US$15m.

Unknown to the Belgians, in 1976 Stena had chartered the vessel to Canadian National Railway Company, the rights being assigned to C. N. Marine in December 1979. That charter was for five years at C$1.4m (£0.63m) a year in 1976, rising to C$1.9m in 1980.

Four days after the Nautica was delivered to Regie, C. N. Marine validly exercised its purchase option and yesterday asked the court to order Stena to sell it the vessel.

The judge decided Regie, who he said had acted in good faith, should pay the next two years' hire charges

IoD proposes giveaway of state loss-makers

Financial Times Reporter

THE INSTITUTE of Directors urged the Government yesterday to be prepared to give loss-making nationalised industries to the private sector.

At the same time, the Government should be prepared to pay the private sector "to remove the burden of continuing and unquantifiable losses," in the nationalised sector, Mr Walter Goldsmith, director general of the Institute, said in London.

The Government had to face the reality that privatisation of loss-making state industries may be delayed "indefinitely."

"Time is running out. Economic upturn can be no guarantee of the future of state sector enterprises," he said.

"That is why the Government must remove a block in Treasury thinking which suggests that nationalised industries may be privatised in whole or in part only when making a profit."

Demand for executives growing more rapidly

BY JAMES McDONALD

THE RECOVERY of demand for executives, which began slowly last year, is now gathering momentum steadily, according to the latest survey by MSL Group International, management consultants.

The organisation's MSL Index, based on a study since 1959 of management recruitment advertising in the UK national Press, jumped by 29 points, or 33 per cent, from 86 to 115 during the first quarter of this year.

That was the largest quarterly rise since 1968 and the highest figure since September, 1974.

The total number of appointments appropriate to the index and advertised in the first three months of this year was 6,617, compared to 4,658 in the equivalent period of 1981—an increase of 42 per cent.

January is normally one of the best months for executive recruitment advertising, according to Mr Garry Long, managing director of MSL. "But this year was exceptional. The figure of 124 for January has not been bettered since the boom year of 1973. February was also a seven-year record at 114 and, although there was slippage in March, the result (that month) at 105, was still well above average."

Mr Long added: "To the extent that recruitment intentions tend to reflect economic expectations, many UK employers are today clearly exhibiting a rising confidence in the future.

All the individual job functions covered by the index showed increases in demand, but some were affected more than others. "Sales appointments, always the first to react significantly to a rising employment market, showed an exceptional increase of over 40 per cent in the 12 months just ended," said Mr Long.

But management recruitment advertising in research, development and design—particularly for engineering, electronics, technical and scientific posts—showed the increase.

Small business wins chance to acquire plant

A SOUTH LONDON business consortium has the chance to buy the factory it leases from the Department of Transport.

The factory in Beddington, Surrey, was due to go under the auctioneer's hammer on May 18. But Mr Nigel Forman, MP for Carshalton and Wallington, wrote to the Department and asked for the sale to be delayed to give the consortium time to raise the money to bid for the factory.

The MP contacted Mrs Lynda Chalker, Parliamentary Under-Secretary at the Department of Transport, and put the leaseholder's case. She told him in a letter: "It is clear the tenants had not appreciated the sale was likely to come so soon. This being the case, I have given instructions that the auction should not now take place. There is now no question of it being rearranged before July."

The consortium has contacted a finance company and been promised the funds necessary to place a bid for the factory in July.

Oil production increases to 1.9m barrels a day

BY RAY DAFTER, ENERGY EDITOR

OIL PRODUCTION rose to almost 1.9m barrels a day in the first quarter of the year, about 19 per cent above the oil-consumption level, the Energy Department said yesterday.

The department's provisional energy statistics show the UK to be one of few oil-producing states increasing output at a time of surplus supplies in the world market.

Crude-oil production, mainly in the North Sea, totalled 23.5m tonnes in the January-March period, about 7.5 per cent above the output level in the corresponding quarter last year. Use of oil products fell to 19.8m tonnes in the first quarter, 0.4 per cent less than in the first quarter of 1981.

Overall energy use fell by 0.8 per cent to 91.2m tonnes of coal-equivalent in the January-March quarter. In the quarter last year 91.9m tonnes of coal-equivalent were used.

The figures indicate the rate of fall in energy demand is decelerating. Last year as a whole the equivalent of 316.4m tonnes of coal was used, 3.5 per cent less than 1980 and 11 per cent less than 1979.

Demand for natural gas in the first quarter of this year was boosted by exceptionally cold weather. Demand over the period rose to the equivalent of 25m tonnes, 3.8 per cent more than in the corresponding period last year.

Consumption of other fuels fell in these periods, coal by 4.7 per cent.

Total production of primary fuels in the first quarter of this year was the equivalent of 97.4m tonnes of coal, 3 per cent more than in the first quarter of last year. Coal-production fell by 1.5 per cent but natural gas output rose by 3.4 per cent.

Sales of beverage cans down 4.1% on year

THE DIFFICULTIES of Britain's can makers were underlined by figures issued yesterday showing that total UK sales of home-produced soft drinks cans last year were 970m, compared with just more than 1bn in 1980.

Part of the fall is accounted for by the increase in filled soft-drinks cans imported from the Continent. Retail sales in the UK last year were down 4.1 per cent from 1980.

But sales in the first quarter of this year appear to be higher than in the same period of last year. The beverage can gained ground last year on bottles and other containers.

Car sales fall below expectations

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE UK motor industry has downgraded this year's car sales forecast from the 1.52m-1.55m predicted in January to 1.48m.

This compares with a record 1.71m in 1979 and would leave registrations unchanged from last year's level.

The Society of Motor Manufacturers and Traders still expects an increase in commercial vehicle sales—228,000 for 1982 against 218,000 last year.

Mr Geoffrey Moore, president, yesterday warned however: "At these sales levels the prospect of our industry's early recovery is not good."

Importers have taken more than 56 per cent of the UK car market so far this year and around 30 per cent of commercial vehicle sales.

At the society's annual meeting yesterday Mr. Moore said: "The time has come for determined action by the British Government to react against those nations which prevent or hinder the import of British products—through crippling rates of import duty, quotas or by other means—while enjoying free access to our markets."

Among countries named by Mr Moore was Australia. A company has recently been set up to import cars from the Mitsubishi plant in Australia, and Mr Moore pointed out they would attract only 10.6 per cent import duty in the UK.

Australia, he said, imposes duties ranging from 57.5 per cent up to 131.5 per cent, with additional restrictions to ensure that total import sales cannot exceed 20 per cent of the total car market.

Mr. Moore also pointed an accusing finger at Spain. Spanish cars attract only a 4.25 per cent duty in Britain while UK cars are charged 36.7 per cent for access to Spain.

Mr Moore did not name individual companies but the society's own statistics show Ford imported 59,208 Spanish-built Fiestas last year while BL was able to sell only 1,162 of its models in Spain.

Imports from Spain are due to get another substantial boost next year when a new small car produced by General Motors will be sold in Britain with a Vauxhall badge. Vauxhall aims to sell around 45,000 a year.

Korean cars were launched in the UK for the first time last year and Mr Moore said they paid no import duty whereas imports to Korea are subject to licence and duties ranging from 100 to 150 per cent.

Britain also offers entry to cars from the Comecon countries at low tariff rates "with no chance of open competition on those countries' markets," he claimed.

"The time has come when Britain must cease being the soft market for the so-called developing world.

"Would it be so wrong for us to expect at the very least that our import duties be geared to the same levels as our products face when they sell in these nations?

"Free trade we want—equal treatment we must demand."

CWS lifts profits by £4.9m in 1981

By David Churchill,

THE CO-OPERATIVE Wholesale Society, the largest food manufacturing and wholesaling organisation in Europe, yesterday reported trading profits for 1981 up by £4.9m to £16.8m on sales up only marginally from £1.8bn to £1.9bn.

After interest payments, profits were £14.6m, an increase of £3m on the 1980 figure.

The CWS does not seek to maximise profits in the normal sense since it is owned by the retail co-operative societies and supplies much of their food and other products. However, the CWS aims to make a substantial trading surplus each year to reinvest in its extensive manufacturing and distribution facilities.

Mr Denis Landau, the CWS's chief executive, said yesterday that the trading performance was encouraging, considering the difficult economic circumstances. "Consumer spending increased very little last year and in food, our most important trading sector, it did not grow at all," he said.

Sales of the CWS's food division rose by 6.4 per cent to £1.39bn. Profits rose from £11.1m in 1980 to £17m.

Sales of non-foods fell by almost 2 per cent and trading losses increased from £1.9m in 1980 to £3.1m last year.

The trading problems of the retail societies are likely to feature prominently again this year at the annual Co-operative Congress

Stansted inquiry will last well into 1983

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE PUBLIC inquiry into siting London's third major airport, now in its eighth month, promises to become the longest public planning inquiry ever. It is certain to continue well into 1983.

The inspector appointed by the Department of the Environment, Mr Graham Eyre QC, expects to start hearings on one of the most important aspects—whether there should be a fifth terminal at Heathrow rather than development at Stansted in Essex—on January 11 next year.

That part of the hearing will be devoted to considering the planning application submitted by the Uttlesford District Council—whose area includes Stansted—for the development of Terminal Five at Heathrow in place of Stansted.

This application is supported by British Airways, which does not want to move any significant part of its operations from Heathrow to Stansted. But it is vigorously opposed by the British Airports Authority, which wants Stansted developed to a capacity of 15m passengers a year, and probably an eventual 50m.

The Heathrow investigation will examine whether the Perry Oaks sewage works at the western end of the airport will need to be moved to make room for a fifth terminal with a capacity of 15m passengers a year.

Because of local opposition to resiting the sewage works and to any new terminal, the Heathrow part of the hearing is itself likely to take several months.

The inquiry began late last September and is still covering evidence from Stansted's local opposition bodies. The North West Essex and East Herts Preservation Association begins its case against Stansted on May 11. This is expected to take three weeks, with further time for cross-examination.

A preliminary meeting to consider procedural matters on the Heathrow part of the hearing will be held in the Crest Hotel, Heathrow on June 8. The Crest Hotel will also be the venue for the main Heathrow hearings instead of Quendon Hall, Essex, where all other hearings are taking place.

The North West Essex and East Herts Preservation Association's case against Stansted is based on the fact that two earlier public inquiries rejected plans to develop that airport, and that this third attempt is a threat to natural justice as well as to the well being of those who live near Stansted.

Labour apt to nullify Redpath sale, says union

By Maurice Samuelson

A FUTURE Labour Government might nullify the sale to Trafalgar House of Redpath Dorman Long, the British Steel Corporation's heavy engineering arm, the General and Municipal Workers' Union said yesterday.

In a letter to GMWU members employed by RDL, Mr Frank Cottam, national officer, said unions would ensure that the company would be returned to state ownership even if that meant nationalising Cleveland Bridge and Engineering, Trafalgar House's engineering subsidiary with which RDL will effectively be merged.

The Office of Fair Trading is still studying the sale, which was completed last Thursday in the face of sustained opposition by RDL managers and workers and the TUC Steel Committee.

Bart's launches urgent plea for cash

BY RAYMOND SNODDY

ST BARTHOLOMEW'S, the London teaching hospital, yesterday launched an appeal for £500,000 by June to complete the conversion of an office block to house 18 clinical research departments.

Specialists with world reputations they had to carry out research in partitioned-off corridors, converted toilets, warehouses and in a hut on the roof of one of the hospital buildings.

Dr Andrew Cudworth, a director of one of the largest diabetic units in the country, said the department had made "some quite spectacular advances" in tissue typing to identify those inherently susceptible to diabetes. There was the possibility soon of treatment to influence the outcome, or of at least reducing subsequent dependence on insulin. Much of the work was being carried out in a prefab on the roof of the hospital's King George V building.

Dr Cudworth said the overcrowding flouted regulations, but there was no room to expand.

The research block at Bart's will cost £5m. About £3m has been raised—half of it from the City, industry and trusts. Another £500,000 is needed by June or July at the latest to avoid penal clauses in construction contracts.

If the money is not raised, about a third of the departments will have to stay in the present cramped conditions.

Another £1.5m is needed to equip and run the building as a clinical research centre. Mr James Robinson, a trustee of the Bart's Research Development Unit and former senior surgeon at the hospital, said yesterday that without the building, vital research involving 25,00 patients a year would be stifled.

He said no money was available for the project from the Government, the National Health Service or London University. The outstanding £2m would have to be raised from the public.

Dr Robert Davies described how research on asthma and allergic diseases had been conducted in a section of corridor smaller than most domestic kitchens. Despite cramped conditions the unit had identified causes of occupational asthma, such as soldering flux in the electronics industry, bleach in hairdressers' shops and grain spores in farming and grain handling.

Work on identifying which of the naturally liberated chemicals, such as histamine, lead to allergic diseases was being carried out in a converted toilet in one of Bart's 16th-century buildings. Clinical trials on an allergy-blocking drug are about to begin in such conditions.

Prof James Malpas, head of the cancer department at Barts, said his department's studies on myeloblastic leukaemia were being carried out on two floors of a disused warehouse across the road from the hospital.

Prof Malpas hoped the studies would show "cure" rates for the disease of about 50 per cent, against the present 5 per cent.

Also in a disused warehouse Prof Tim Chard is doing research on glands which appear to act as a switch mechanism for such things as the onset of labour and puberty. The research, he believes, may enable doctors to tackle the problem of premature labour.

Mr Robinson said: "We are asking the public to help ensure that vital research work with 25,000 patients each year will flourish and not wither. By donating to the appeal the public will be contributing directly to the relief of the sick."

Tory back-bench call for aviation project decisions

BY OUR AEROSPACE CORRESPONDENT

GOVERNMENT decisions on new aviation projects are needed urgently, if the aerospace industry is not to begin a run-down this year, Mr Michael Colvin, the new chairman of the Conservative Parliamentary Aviation Committee, said yesterday.

Mr Colvin, MP for Bristol North-West, has been elected committee chairman to succeed Mr Cranley Onslow, who recently became a Foreign Office Minister.

The industry needs decisions on the development of the P-110 single-seat fighter, now under private development by British Aerospace and companies in the equipment industry, and on the 67R development of the Rolls-Royce RB-199 engine to power that aircraft, Mr Colvin believes.

Rolls-Royce also faces problems in finding a third partner for work on the existing UK-Japanese RJ-500 engine—for the next generation of 150-seat airliners.

"One of our committee's first engagements is to visit Toulouse to discuss with Airbus Industrie the A-320 contender in this 150-seater competition," said Mr Colvin.

Mr Colvin said that the saga of the third London Airport was dragging on at Stansted, and he felt that Government policy on airport strategy and financing needed a radical rethink. "Our committee has that matter in hand, and we will be publishing a report soon.

"There is a glimmer of recovery in civil aviation and this will help British Airways' battle back to profitability—prior to denationalisation, which we want to see before the next General Election."

Dan-Air to operate Irish services from Gatwick

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

DAN-AIR will be able to start air services between Gatwick and Dublin from June 28, and between Gatwick and Shannon from the spring of 1983.

This is the result of an agreement between the Department of Trade and the Irish Government.

Dan-Air will operate a daily service in the mornings and Aer Lingus, which already serves the route, will supply an evening service. Aer Lingus and British Airways will continue to fly between Heathrow and Dublin.

At first, Dan-Air will offer a £60 one-way economy fare—£5 less than the club class fare charge by British Airways and Aer Lingus. The three airlines will consider longer-term development of London-Dublin fares.

In the course of its negotiations with the Trade Department, the Irish authorities also gave permission for Dan-Air to serve Shannon from Gatwick—also along with services from Heathrow by BA and Aer Lingus—and to combine the Shannon route with the existing Dan-Air service to Cork. The Shannon service will not start before April 1983.

Mr Iain Sproat, Parliamentary Under-Secretary for Trade, said that the Irish agreement, following that with West Germany to allow British Caledonian flights to several German cities "represents a major step forward in our efforts to achieve greater competition."

"We will continue to press our view that the airlines in Europe should have greater freedom to compete with the services they offer and the fares they charge."

New MSC chief strongly backs youth training plan

BY IVO DAWNAY, LABOUR STAFF

MR DAVID YOUNG, newly appointed chairman of the Manpower Services Commission, yesterday warned that if the Government attempted to alter its proposals on the forthcoming £1.1m training programme it would have to reconsider its position.

He told the Employment Select Committee that the youth training plan drawn up by the MSC task group—which includes representatives from the TUC and CBI — was an integrated programme which could not be changed without further consultation.

"It was approved as a complete package and stands and falls as such," he said.

Mr Young also supported the task group's insistence that supplementary benefits should be paid to those who opted out of the training programme. A White Paper published by the Department of Employment argued that non-participants should forfeit benefits.

Pressed to give a personal view, Mr Young would only reply: "If supplementary benefit (for 16-year-old) was abolished, that would not be in line with this report."

He added: "I suspect that if the safety net of supplementary benefit was removed it would be difficult to find unanimous agreement."

Mr Young said that the report unanimously supported a payment of £25 per week to trainees as opposed to the £15 recommended by Mr Norman Tebbit, Employment Secretary, in his White Paper.

Mr Jonathan Aiken, Conservative MP for Thanet East, closely questioned Mr Young as to the balance of the task group's report. "It seems to me there is a danger that the TUC tail is wagging the MSC dog," he said. Mr Young strongly denied this.

Mr Ken Graham, deputy general secretary of the TUC, added that the TUC had not dominated the findings of the group. "We have demonstrated that we can work together on things which we believe can meet national objectives."

"We see this as a total package and any imputation that this is a TUC inspired package is not true. The TUC believes that the MSC can do things that the Government can't do and political parties can't do."

Yorkshire miners back political protests

By John Lloyd, Labour Editor

THE LEFT-LED Yorkshire area of the National Union of Mineworkers is to back a call for political demonstrations in certain circumstances.

The advocacy of this was the main cause of the dispute between Labour's leadership and Mr Peter Tatchell, the parliamentary candidate for Bermondsey chosen by the local party.

The area's council has voted to back an amendment to a motion at the mineworkers' annual conference which backs parliamentary democracy.

The amendment, put up by the Highgate pit, says: "Extra-parliamentary action is necessary in certain circumstances such as opposition to Tebbit's anti-trade union legislation, the campaign for peace and the fight against unemployment."

If accepted the amendment, which is likely to get support from major left-led areas such as South Wales, Scotland and Derbyshire, would commit the miners to the same policy which Mr Tatchell advocated in an article in "London Labour Briefing" and for which he was roundly criticised by Mr Michael Foot, the Labour Party leader.

Mr Foot told the House of Commons last year that this issue had convinced him that he should oppose Mr Tatchell's nomination—a stance later supported by the party's executive.

Mr Owen Briscoe, Yorkshire NUM's general secretary, writing in the area's paper, says "the right to demonstrate in the streets and hold mass rallies is a vital one for millions of workers, unemployed, old and young, who are denied freedom of expression in the millionaire-owned newspapers.

"If Thatcher threatens to drag us into a world war tomorrow, would we be expected to simply sit back and say: 'Oh, well, I'll register my protest at the next general election'?"

The Yorkshire area is to involve members in a series of political demonstrations. Mr Jack Taylor, the area president who succeeded Mr Arthur Scargill earlier this year, has said in his first public statement since assuming office that miners could not stand by while the fabric of Britain was being "ripped asunder."

He said: "We are rightly looked upon as the leading force in trade unionism in this country. Many people expect a lead from us on a whole range of issues—peace, jobs, freedom.

"We cannot restrict ourselves to pursuing our interests on the industrial front. If we do that, there may be no industrial front left."

Assault alleged in council dispute

BY JOHN LLOYD, LABOUR EDITOR

THE BITTER dispute in the London Borough of Wandsworth over the council's use of private cleaning contractors sharpened yesterday when a director of the company alleged that he had been assaulted by a group of men, some of whom were wearing council jackets and union armbands.

Mr Jan Leer, a director of Pritchard Industrial Services, said last night that he had been assaulted and punched in the stomach by seven men in the Henry Prince Estate, Wandsworth.

Earlsfield Police Station last night confirmed that a report of the incident had been made and that other allegations of damage to vehicles had been made in the past few days.

But the National Union of Public Employees, which organises the Borough's 300 refuse collectors now on strike in protest against its privatisation plans, has firmly denied that its members have offered violence or committed acts of sabotage.

Mr Ian Scott, a Nupe area official, said that the allegations were "crude propaganda" by the chairman of Pritchard Industrial Services and that the statements were aimed at the voters in today's borough elections.

"What evidence have they brought forward of these alleged acts by Nupe members? I am satisfied that none of my members have engaged in these actions and it would not be in our interests to do so. We have been involved in a peaceful campaign of picketing."

In February, Pritchard received from Wandsworth a £4.5m street cleaning contract aimed at saving the Council £2.37m over the next five years. The company has also been engaged as a temporary refuse collection agency following a protest strike by the council dustmen.

Some 70 council white collar staff, members of the National and Local Government Officers Association, are also on indefinite strike. They include telephonists, computer staff, debt and rate collection officers and supervisors.

Pritchard has already made a series of allegations of sabotage of vehicles and equipment, but yesterday's incident was the first of physical violence. Mr Leer claimed that earlier in the week, heavy boxes of waste were thrown at him, but missed.

He said last night that he would recognise his attackers and that other members of the gang slashed vehicle tyres and screamed abuse. "They knew who I was because I have been directing our operations there recently. But they have picked on the wrong man."

Rail unions pledge action against cuts

BY OUR LABOUR STAFF

CRAFT UNIONS at British Rail's engineering workshops yesterday pledged to take industrial action to resist demands by BR for 5,000 redundancies.

Strike action by all 23 unions in the Confederation of Shipbuilding and Engineering Unions was not ruled out by Mr Alex Ferry, Confederation general secretary. Following yesterday's meeting of the railway sub-committee, the full Confederation is meeting today.

At yesterday's meeting the 80 delegates from 13 main rail workshops reacted angrily to the British Rail engineering proposals announced last month for compulsory redundancies. The cuts would mean the total closure of workshops at Shildon in Co. Durham, Horwich in Lincolnshire, and the halving of the workforce at Swindon. BREL employs 35,000 blue-collar workers—over half of whom are in the Confederation.

Mr Ed Scrivens, chairman of the railway sub-committee of the Confederation and an executive council member of the Amalgamated Union of Engineering Workers, said that action would be co-ordinated by the Railway Shopman's National Council, which covers the 14 sub-committee unions, plus the National Union of Railwaymen.

Yesterday's delegate meeting of National Union of Railwaymen members in the rail workshops backed last week's decision of the national executive to oppose all compulsory redundancies—by strike action if necessary.

Dockers who dread a strike

Brian Groom assesses the mood among port workers at Felixstowe

RELIEF MAY be felt by many of Britain's 24,000 dockers, if their delegates at a Transport and General Workers' Union conference on Saturday vote to accept the docks committee's recommendation to call off next week's threatened strike.

This would certainly be widespread at the thriving east coast port of Felixstowe. It is one of more than 80 ports which the union wants brought into the national dock labour scheme, and its 800 dockers would have been expected to play a full part in the national stoppage to achieve that aim.

They would probably obey an official strike call, if only because Felixstowe would otherwise be a prime target for flying pickets. However, there would be misgivings.

A number of Felixstowe dockers live in the leafy, middle-class side of the town, and frequent the Conservative Club. Most are solid trade unionists, but their moderate reputation differs sharply from that of dockers in ports like London and Liverpool; once described by an employer — perhaps unfairly — as a labour elite of "lazy, over-paid, pilfering militants."

The TGWU maintains that most of its 8,000 dockers in non-scheme ports want to join the scheme. It would give them the statutory right to regulate the size of their workforce jointly with employers, and taken with the industry's non-statutory Jones-Aldington agreement, would virtually rule out compulsory redundancy.

Many at Felixstowe are attracted by the promise of a "job for life." But the feeling is not unanimous, and others heed employers' warnings that the scheme, widely criticised for expense and inflexibility, would threaten the efficiency which helped it grow from nothing into one of Britain's main ports.

The impetus behind the strike call came from shop stewards in the scheme ports. Its roots lie in the decline of the registered workforce from 82,500 at its peak in 1957 to 18,000 today, caused largely by containerisation and the shift in trade from west to south and east coast ports.

If we cannot prevent the job losses, the registered dockers say, we will at least fight any attack on the scheme which means no-one has to be made redundant against his wish.

Two months ago, the National Dock Labour Board—which administers the scheme, and on which employers and employees are equally represented—put forward plans for a massive cost-cutting reorganisation.

Although the NDLB insisted that the reorganisation would not affect its statutory duties, dockers saw it as the thin edge of the wedge. They threatened a national strike, and only backed down after key proposals were withdrawn.

The steady growth of a large number of dockers outside the scheme is similarly seen as an oblique threat to the scheme itself, making it vulnerable to attack. The NDLB cuts were proposed on grounds of financial stringency. If the 80 or so unregistered ports were brought in and began paying the payroll levy to the board which the scheme entails, the dockers feel the scheme would be bolstered.

There is also a feeling among some dockers in registered ports that they have been losing jobs to the non-scheme ports, and that exemption from the levy gives the non-scheme ports an unfair additional advantage. The jobs created are seen as dockers' jobs, and should be offered under dockers' traditional employment conditions.

This is an emotive issue in the TGWU, and the docks committee may find it difficult to persuade delegates to call off the strike. It was made by 81 votes to three two weeks ago, with three abstentions. However, leaders seem reluctant to have a strike, and may feel there is little mood for it in the ports.

The Government has refused a blanket extension of the present Dock Workers Employment Scheme 1967, but says it will consider "specific and detailed proposals" for particular ports and wharves.

The TGWU, however, may face great difficulty when it selects a port to put forward. Employers are likely to be hostile, the Government may turn down the plan, and even if it agreed to lay a draft order to include a port, it could be opposed at an inquiry or voted out by MPs.

If the union went for a port such as Felixstowe, something of a symbol of free enterprise, it would be fiercely opposed.

"I am wholly opposed to the principle that a man should be given a job for life regardless of his effort. If you have such guaranteed job security, you develop an attitude whereby the top 5 or 10 per cent of efficiency drops off—and it may be more," said Mr Geoffrey Parker, managing director of the Felixstowe Dock and Railway Company, a subsidiary of European Ferries.

He also objects to paying a payroll of possibly over £1m a year to pay for a scheme not necessary for running his business.

The National Association of Port Employers, which has kept to the sidelines in the past few yesterday.

It would not be prepared to endorse an extension of a scheme which it believes needs modernisation and made more flexible, and it feared a strike would destroy signs that the industry may be moving towards stability.

Although many ports are making losses, the association hopes the registered workforce may stabilise at about 14,000 by end-1984, and that the problems of massive surplus labour may be coming to an end. The present six-week severance scheme will bring it down to about 16,000.

Some unions may seek redress when recession eases, says Acas

BY OUR LABOUR STAFF

IT WOULD be unwise to rely on a permanent change taking place in industrial relations because of the recession, Mr Pat Lowry, chairman of the Advisory Conciliation and Arbitration Service, said yesterday.

He told a seminar at the Policy Studies Institute that in some cases managements had done little to inform workers of decisions or involve them in making them. Some trade union officials harboured resentment at the way in which unions had been treated over the past two years and intended to seek redress when the recession eased.

The numbers of unfair dismissals notified to Acas had risen sharply from 38,000 in 1980 to 44,000 in 1981, he added.

The present Employment Bill "might make the business of a constructive approach to industrial relations more difficult, but we will do our best."

The dramatic redundancy programmes which many companies had carried through had taken place with "remarkably little strife." However, Mr Lowry questioned whether there might be some sign of growing resistance to plant closures.

The "pay norm," an old favourite of industrial relations, had, he hoped, all but disappeared. However, he saw a series of different "pay policies" emerging, some of which might cause resentment and conflict in the future.

These were: inflation-linked agreements for the police and firemen; relatively high settlements for the public utility workers, strongly influenced by the level of the mineworkers' settlement; relatively low settlements for other public sector workers; private sector settlements at various levels, though presently low.

Mr Glyn England, the recently-dismissed chairman of the Central Electricity Generating Board, has called for an incomes policy and a new legal framework for industrial relations.

In a CEGB discussion paper, published yesterday, he said that the main requirements of an incomes policy were flexibility and fairness. The National Board for Prices and Incomes, established by the Labour Government in 1965, "operated for a time with a large measure of union and employer support," and was worth re-examining.

The legal framework would rest on a newly-created Commission on Industrial Relations, with a direct link to Parliament and a duty to report annually to Parliament on the state of industrial relations. It would also propose specific legislative measures "to deal with problems in a pragmatic way".

Scots teachers awarded 6% in arbitration

By Michael Dixon, Education Correspondent

ABOUT 60,000 teachers in Scotland are to have a 6 per cent pay rise as the result of arbitration. The employers had offered 4 per cent against the unions' claim of 11 to 12 per cent.

The award to 465,000 schoolteachers in England and Wales is also under arbitration, and is expected to be decided later this month. Although the unions' claim was similar to that of the Scottish teachers, the education authorities south of the Border offered only 3.4 per cent.

● A teacher who voluntarily took advantage of an early retirement scheme was not entitled to unemployment benefit for the first six weeks after leaving his job, the Appeal Court in London ruled yesterday.

The ruling could affect about 3,000 teachers opting for premature retirement with Education Department backing.

UK NEWS – PARLIAMENT and POLITICS

U.S. SECRETARY HAIG THE 'CENTRAL FIGURE' IN INTRICATE DISCUSSIONS, PYM TELLS HOUSE

Diplomatic hopes prevent more Commons disunity

BY IVOR OWEN

ASSURANCES by the Government that Britain is still actively pursuing a diplomatic settlement of the Falklands crisis, coupled with the universal regret over the casualties suffered by Britain's naval task force in the South Atlantic, prevented any major new divisions opening up between the parties in the Commons yesterday.

Mr Francis Pym, the Foreign Secretary, again made it clear that Mr Alexander Haig, the U.S. Secretary of State, is the central figure in an intricate series of diplomatic discussions now in progress.

He explained that proposals made by the Peruvian Government had been absorbed into a refinement of earlier American proposals, and to the evident satisfaction of Opposition leaders, emphasised that he was also keeping in close touch with Sr Perez de Cuellar, the United Nations Secretary-General.

While again insisting that the immediate objective must be to bring to an end Argentina's unlawful occupation of the Falkland Islands, the Foreign Secretary stressed that "a vital ingredient of the ideas on which we are working is an early ceasefire and a prompt withdrawal of Argentine forces."

Mr Nott conceded that, in retrospect, Britain had not moved forward fast enough in equipping the fleet with anti-missile missiles.

He, like the Foreign Secretary, accepted the need for a negotiated settlement but warned of the wider implications which had to be taken into account in considering proposals for a ceasefire.

To cheers from Government supporters Mr Nott emphasised: "It would not be to Britain's advantage to agree to a ceasefire unless we are clear that we had a negotiating process which would get Arentina off the islands."

He acknowledged that some Labour MPs took a different position, but claimed that the majority of the House shared the view he had stated on behalf of the Government.

Mr John Nott, the Defence Secretary, revealed that the stricken Type 42 destroyer HMS Sheffield was not equipped with the Seawolf anti-missile missile which is the only effective counter to the sea skimming Exocet missile which was successfully launched against it by an Argentine Super Entendard aircraft.

He explained that this was because the armaments of the British fleet were primarily designed to counter their Russian counterparts, which until very recently had not been deploying sea-skimming missiles.

Labour backbenchers who fear a major escalation of hostilities protested when Mr Ian Lloyd (Con., Havant and Waterloo) made an implied call for action against military air bases on the Argentine mainland.

He urged the Government to recognise that the naval task force would not be able to attain its objectives unless Argentina was not capable of operating missile-carrying aircraft from any runways within striking distance of the fleet.

Mr Pym replied that military considerations were being thought about in great depth. Possible plans were being prepared and this was "entirely right" because the task force was operating in the South Atlantic.

But he added: "Let us at the moment concentrate on trying to achieve a possible settlement because that is what the House wants."

Mr Denis Healey, shadow Foreign Secretary, won cheers from the critics on the Labour back benches when he highlighted the fact that if Argentine and British casualties continued to mount there was a danger that more servicemen's lives would be lost than there were inhabitants of the Falkland Islands.

He said this underlined the paramount necessity of achieving a diplomatic solution.

Mr Healey welcomed the increasing emphasis which the Government was placing on the United Nations and noted with approval the indications given by ministers that a ceasefire must depend on a negotiating process which got Argentina's troops off the islands.

He saw this as an important distinction from earlier demands that a ceasefire could not take place until Argentina's troops had already left the islands.

Mr Pym said a ceasefire involving arrangements of withdrawal of Argentina's troops from the islands had always formed part of the diplomatic discussions.

While reaffirming that he was keeping in close touch with the UN Secretary General, he stressed: "In my opinion Mr Haig's efforts are the most hopeful basis of achieving a settlement."

Dealing with longer-term aspects, Mr Pym told Dr David Owen, parliamentary leader of the Social Democrats, that the possibility of making the Falkland Islands a strategic trust territory under the United Nations was a concept which, among others, could be considered.

The Foreign Secretary also made it clear that Britain is prepared to consider long-term arrangements which permit countries without a direct interest to participate in discussions on the future status of the islands.

He spoke of the possibility of discussions between the parties and others "in whatever forum is thought best at the time."

Mr Nott renewed earlier assurances that the actions of the naval task force are subject to strict political control and authority.

He confirmed that the decision to torpedo the Argentine cruiser, General Belgrano, was taken by the submarine commander — within the very clear rules of engagement which had been set in London and discussed by the Cabinet.

In the Lords, the Defence Secretary's statement was repeated by Viscount Trenchard, Defence Procurement Minister.

The Bishop of Norwich, the Rt Rev Maurice Wood, said there was a strong sense from the Church of support in prayer for all that the Government was seeking to do to maintain justice and work for peace.

The veteran Methodist Lord Soper called for a ceasefire and said there was "widespread disagreement with the churches."

"It would be totally wrong to assume that the concept of the just war is generally held by those who profess the Christian faith," he said.

The Conservative Earl of Dudley said that as the father of three half-Argentine children by an Argentine mother he naturally deplored the loss of life on both sides.

He urged the Government to reduce Argentine air capability "by all possible means—even if that means taking some risks with public opinion—if it posed a very serious threat to the task force."


John Nott


Denis Healey


Francis Pym

Labour call for NI surcharge cut to $1\frac{1}{2}$%

By John Hunt, Parliamentary Correspondent

THE GOVERNMENT faced demands from Labour in the Commons last night for the National Insurance Surcharge to be reduced to $1\frac{1}{2}$ per cent to help industry.

In the Budget the Chancellor announced that the surcharge would be reduced from $3\frac{1}{2}$ to $2\frac{1}{2}$ per cent from August 2, and that an extra $\frac{1}{2}$ per cent would also be cut temporarily from August until April, 1983.

During the debate, which came during the Committee Stage of the Finance Bill, some Tory back benchers were also severely critical of the surcharge, which they saw as a tax on jobs.

Mr Peter Shore, Labour's economics spokesman, described the Government's reduction as "too little and too late."

He agreed that the surcharge was first introduced by the Labour government in April, 1977, but said that at that time the economy was far more competitive. The Labour government had stabilised unemployment before it was introduced.

No less than 20,000 firms had gone into liquidation since May, 1979, said Mr Shore, and the gross domestic product was 6 per cent below what it was when the Government came to power.


Peter Shore: too little, too late.

Mr. Shore pointed out that in its survey published yesterday the Confederation of British Industry—which is also demanding a cut in the surcharge—had said: "There is still no confidence of any industrial recovery and activity being under way. Demand is stagnant and nine out of ten firms are short of orders."

He also reminded the House that the Government intended to claw back the amount which the public sector saved on the reduction in the surcharge. Thus, the claimed cut of £1bn in the burden on industry was illusory.

The public sector would have to forgo the £360m saving, and this left a benefit of £640m to private-sector firms. This would have only a minor effect on competitiveness, job creation, the cost of living, and low levels of profitability.

A Labour government would have no intention of seeking a claw-back from the public sector. Its proposals for a cut in the surcharge would mean a genuine reduction in the costs of industry of £2bn this year and £2.4bn in 1983-84.

Using the Treasury model, he said, it was shown that this would lead to a gain of $2\frac{1}{2}$ per cent in trade competitiveness, a $3\frac{1}{4}$ per cent reduction in the cost of living index and the creation of 50,000 new jobs in two years.

From the Conservative back benches, Mr Kenneth Lewis (Rutland and Stamford) described the surcharge as "a tax on labour, a tax on employment—a bad tax."

He would have liked the Chancellor to have removed it in the Budget, and thought that—if he had realised that the public sector borrowing requirement would undershoot by £2bn—he might have done so.

Many small firms were laying off employees to meet their National Insurance bill for the rest of the workforce.

Another Conservative, Mr Christopher Patten (Bath) said that knowing what could be accomplished by a cut in the surcharge he thought this was a risk the Chancellor should be prepared to run.

"I hope he will keep an open mind about further cuts in the surcharge later in the year," Mr Patten added.

Guarantee sought on Belize

FOREIGN OFFICE Minister of State Mr Cranley Onslow, faced criticism from both sides of the Commons yesterday when he declined to give a categorical assurance that Britain would not withdraw troops from Belize.

Mr Denis Healey, shadow Foreign Secretary, said at Question Time that the Government had already given a false signal to the Argentines over the Falkland Islands and there was now a danger of the same thing happening to Guatemala.

Britain is maintaining troops in Belize, formerly British Honduras, to combat a threat from neighbouring Guatemala.

Mr Robert Atkins (Con., Preston North) said the threat from Guatemala should be taken into account and the Belize garrison maintained there with vigour.

Mr Onslow said British troops would be maintained in Belize as long as it was necessary.

Mr Healey asked for a categorical assurance that there would be no intention of withdrawing troops until there was no threat from Guatemala.

Mr Onslow replied: "No decision has been taken over a withdrawal."

Mr Healey asked the minister to consider his answer very carefully as it could be taken as a false signal to the Guatemalans.

"Many of us feel that the cause of the Falklands crisis was because the Government gave a false signal to the Argentinians."

Mr Onslow said: "We have no intention of giving any false signals."

Mr Patrick Cormack (Con., Stafford South West) was cheered when he said the Commons wanted a categorical "Yes" to the question — that there would be no troop withdrawals from Belize.

Labour manifesto draft restates unilateral nuclear arms policy

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

THE Labour Party seems to be about to consolidate its commitment to a non-nuclear defence policy based, if necessary, on unilateral action by Britain, despite opposition by Mr Denis Healey, the shadow Foreign Secretary, and a number of other "shadow" Ministers.

A draft policy statement, drawn up for inclusion in the Labour Programme from which the party's manifesto will eventually be drawn, re-states the party's commitment to becoming the first "nuclear weapons state to renounce unilaterally nuclear weapons."

In a passage which will be particularly strongly resisted by Mr Healey, it says a Labour government would close down nuclear bases, British or American, on British soil or in British waters. It also repeats Labour's commitment to getting rid of Trident, and to opposing the siting of American ground-launched cruise missiles or neutron bombs in Britain.

For the most part, the document merely re-states existing party policy, rather than breaking any new ground. But it underlines the difficulties facing Labour multilateralists in reversing the decisions on defence policy taken by the past two party conferences.

The document, which is to be discussed next week by Labour's international committee, talks about multilateralism and unilateralism going "hand in hand," and stresses the need for a Labour government to work within Nato to achieve disarmament. This formula is designed in part to accommodate the bitter differences within the party over defence policy. Nonetheless, large parts of the statement would seem to be totally unacceptable to Mr Healey and other multilateralists within the party, who will argue that certain of the measures proposed would be incompatible with Nato membership.

Mr Healey may well try to modify it when the Labour Party programme is discussed next month, but he seems unlikely to get much support from Mr Michael Foot, the Labour leader, who has long been deeply committed to disarmament and backs the combination of multilateral and unilateral action proposed.

Mr John Silkin, the shadow Defence spokesman, was partly responsible for drafting the document. He agreed with the basic strategy, but he has insisted on some changes to the defence policy statement approved by last year's party conference. With the backing of the unions, who are increasingly worried about the employment implications of cutting defence expenditure, he has succeeded in getting some caveats introduced.

The document says that Labour would seek to reduce defence spending to the "average proportion" of the GDP spent by other European Nato countries, "bearing in mind the need to avoid widespread and precipitate redundancies, for which no alternative work has been provided, and the need to provide adequate conventional defence forces by Britain."

Poll leaflets to be destroyed

ALL COPIES of a Scotland local government election leaflet, which includes an appeal to ratepayers by a Junior Minister written on House of Commons notepaper are to be destroyed, Mr George Thomas, the Speaker, said yesterday.

He intervened after a protest by Mr Ron Brown, Labour MP for Leith, that the Commons portcullis symbol had been used on Tory election material to be distributed to voters in Lothian for Thursday's regional elections. The leaflet, issued by Lothian Conservative Association, is headed: "The Great Rates Robbery."

It includes the letter by Mr Alex Fletcher, the Scottish Education Minister, saying: "You will soon have the opportunity to reject Labour's arrogant and spendthrift ways by voting for a Conservative administration in the Lothian Region."

The Speaker has now told Mr Brown: "I have been given a categorical assurance by those concerned that instructions have been given to be sure that all copies of the leaflet have been destroyed and that there will be no repetition."

LORD JANNER, the former Labour MP, died in St Stephens Hospital, London, on Tuesday night, after a long illness. He was 89.

He entered the Commons as a Liberal in 1931, representing Whitechapel and St Georges until 1935. After the war he was elected Labour MP for West Leicester from 1945 to 1950 and for North-West Leicester from 1950 to 1970.

Barrett Janner was raised to the peerage as Baron Janner of the City of Leicester in June 1970 and was granted the freedom of the City of Leicester in 1971 and the freedom of the City of London in 1975.

A solicitor, Lord Janner was a former president of the Board of Deputies of British Jews, a position now occupied by his son, Mr Greville Janner, who is Labour MP for Leicester West. He also leaves a widow, Elsie, and a daughter, Ruth, Lady Morris of Kenwood. The funeral is being held at Willesden Jewish Cemetery this afternoon.

SIR DAVID SERPELL, a former Permanent Secretary at the Ministry of Transport, is to be chairman of the independent committee set up to review British Rail's finances, Mr David Howell, the Transport Secretary, announced yesterday.

Sir David is to be released from his part-time membership of the British Railways Board.

Families of Sheffield men 'harassed by reporters'

FINANCIAL TIMES REPORTER

SOME FAMILIES with relatives who were serving on the stricken destroyer HMS Sheffield are being harassed by reporters, a Ministry of Defence spokesman said last night.

"But most of the families are taking it very well," he added.

He was explaining the reason for a remark made by Mr. John Nott, Defence Secretary, during Commons exchanges about the military engagement which led to the destruction of the Sheffield.

Mr Nott told MPs: "It would be very much appreciated by the Royal Navy and by the next-of-kin of those involved in this tragic event could be given some privacy by the media in the next few days."

"I only ask that because of certain problems which have arisen today." He did not elaborate.

The spokesman gave no details of individual cases of harassment, except that some families "have tended to report it to their local units."

Mrs Charlotte Woodward, wife of the commander of the task force, Rear-Admiral John "Sandy" Woodward has already reported being "harassed" by the Press.

Mrs. Molly Sheridan, wife of the officer who led Britain's South Georgia invasion, Major Guy Sheridan, has been receiving threatening phone calls in the wake of publicity of her husband's victory.

Mrs Sheridan, who lives in Devon, blamed the Press for causing the problems, and said that if it had not been for "all this crazy publicity" it might not have happened.

Irish UN move 'a mistake' says FO

Financial Times Reporter

THE IRISH Government's move to raise the Falklands crisis in the United Nations Security Council and to seek to end EEC sanctions was a "mistake", Foreign Office Minister of State Mr Douglas Hurd said in the Commons yesterday.

"We think that they made a mistake yesterday," he said at Question Time.

"The line they took could actually be a hindrance to gaining a peaceful settlement, which we and they want."

Mr Hurd stressed that the Republic had joined in the practical measures against Argentina, which had "played a big part in securing support for Britain."

No Argentine pilots trained by Britain

SERVICE RECORDS going back to 1974 show no evidence that Argentine military personnel have been trained as pilots at Ministry of Defence establishments, Mr Jerry Wiggin, Defence Under Secretary, said in a Commons written reply yesterday.

Lloyd's divestment 'will affect 100 agencies'

BY JOHN MOORE, CITY CORRESPONDENT

MORE THAN 100 underwriting agency companies, whose business could have a total value of up to £100m, will be affected by the Lloyd's Bill, which calls for Lloyd's brokers to sell shareholding links with the agencies.

The details emerged during the second day's hearing of the Bill before a Lords Select Committee.

Mr Peter Green, Lloyd's chairman, said that 114 managing agents, the groups which run underwriting syndicates, have a connection with a Lloyd's broker.

Answering a question from Lord Nugent of Guildford, chairman of the committee, Mr Green indicated that the total value of the business involved if divestment went ahead might reach £100m. But he stressed that many of the underwriting agencies at Lloyd's act as both managing agents, running syndicates and members agents, introducing members of Lloyd's to syndicates.

Brokers are to be allowed to continue to own members agencies, so it was difficult to arrive at a precise figure of the value of the businesses which would eventually be sold.

Lloyd's has been forced to incorporate mandatory divestment by a Commons committee which identified conflicts of interest.

Mr Green, citing examples of abuse in the relationship of a broker with a controlling shareholding in an underwriting agency company, said that one recent case involved a broker dismissing the underwriter. The broker had made no reference to the managing director of the agency about the decision.

He said there were examples of underwriters offering better terms to the broker which controls them, offering lower rates, better discounts, and generous terms on the settlement of claims.

He dismissed arguments advanced by opponents of the legislation that the market would be damaged by divestment.

"It won't damage Lloyd's but enhance our reputation, which is already very high," he said.

UK NEWS

QUARTERLY INDUSTRIAL TRENDS SURVEY

Executives show some confidence

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

EXECUTIVES' confidence about the future has increased somewhat although there is little evidence of recovery in demand or output during the past three months.

This is one of the principal findings of the Confederation of British Industry's latest quarterly industrial trends survey published yesterday. The survey, carried out during the first three weeks of April, covered nearly 1,700 companies, which account for nearly half of those employed in manufacturing industry and for half of UK exports.

The survey indicates that companies expect some further reduction in stocks, and they do not generally expect to take on more labour. Prospects for exports appeared muted with a marginal decline in companies' expectations compared with three months ago.

However, the food, drink and tobacco and the chemicals, coal and petroleum products sectors appear to be growing steadily more optimistic about their export prospects in contrast with those in the metal manufacturing sector during the last six months.

In spite of a general expectation that low demand will be the main limiting factor on output, companies appear slightly more optimistic about the trend of costs and prices and about the prospects for corporate liquidity.

OUTPUT AND ORDERS

The results point to both demand and output having remained flat over the past four months and expectations do not suggest much change in the next four months, although a very slight rise in orders and output is possible, says the CBI.

In this most recent survey, 33 of the CBI's 44 industrial groups are more optimistic about the future compared with only 17 of the groups at the time of the last survey in January. The textiles group is the only one in which the number of companies reporting less optimism exceeds those reporting an improvement. The groups which saw brighter prospects were the chemical, coal and petroleum products, and the electrical engineering sectors. In general the smaller companies appeared more buoyant about business and about export prospects than the larger ones.

Although the balance of replies from the total sample suggested little change in order books since January, rising demand was indicated in 22 of the 44 industrial sectors. Chemicals and the paper, printing and publishing industries appeared to be doing best with the greatest decline in the food, drink and tobacco sector.

An 8 per cent balance of replies points to a limited increase in total new orders during the next four months. This compares with positive balances of 2 per cent in October 1981 and of 4 per cent in January.

The CBI comments: "It would be sensible to regard this latest result as indicative of the likelihood of only a very modest pick-up in orders over the next few months. This does, nevertheless, contrast strongly with the rapid declines in orders experienced in 1980 and 1981."

A majority of 63 per cent still continued to regard total order books as being "below normal." Although the results suggest a steady strengthening of order books towards normality, this may partly reflect a changing perception of what is "normal." About three-quarters of companies have order books which represent less than four months of assured production compared with 80 per cent in January and 65 per cent in April 1979, before the start of the present recession.

CAPACITY WORKING

The survey suggests that there has been little change since January in the extent to which companies are operating below full capacity. A total of 77 per cent reported that they were working below a satisfactory full rate of operation. This is better than the level of under-utilisation recorded in January 1981, when 84 per cent were operating at below full capacity but it is still a historically-low figure.

The worst under-use of capacity is reported in the coal and petroleum products, the man-made fibres and the timber and wooden products sectors. Replies indicated that those experiencing a rise in the volume of production during the last four months were exactly balanced by those reporting a fall. Only 4 per cent expected a rise in output volume in the next four months.

STOCKS

The survey indicated that during the last four months there were continued reductions in stocks of raw materials, brought-in supplies, finished goods and of work in progress. However, the run-down of stocks appeared to be less rapid than in the four months to January and noticeably less so than implied by the results of last year's surveys. The April survey showed that companies are expecting to continue destocking of raw materials and of brought-in supplies at about the same rate as was expected in January.

Destocking of finished goods and of work in progress is still expected to decline but at a slower rate than expected in January. The survey showed that just under a quarter of companies thought that stocks of finished goods were more than adequate and just under two-thirds thought them adequate.

The survey showed that there is still an overwhelming tendency amongst companies to believe that the main constraint on output during the next four months is likely to be shortage of orders or sales rather than constraints on their ability to supply customers. The proportion of companies citing lack of demand was 91 per cent, just a little below the peak of 96 per cent recorded in January 1981. An extremely small proportion of companies mentioned shortages of skilled labour, finance, capacity or supplies as being potential difficulties.

INVESTMENT INTENTIONS

The CBI says that the questions on companies' investment intentions confirm the view expressed in January that the volume of manufacturing investment, including leased assets, will start to rise during the course of 1982, although there is the possibility that the total volume of investment in 1982 as a whole will be 5 per cent lower than in 1981. It is now expected that there will be no change in the level of investment between the end of 1982 and the end of 1983.

EMPLOYMENT

The survey points to continuing widespread declines in the numbers employed, with a balance of 39 per cent of the companies surveyed expecting a reduction in the workforce during the next four months. This, combined with the expectation that output will stay at about the same level, suggests that productivity will improve substantially.

COSTS AND PRICES

The 39 per cent balance of those expecting an increase in costs per unit of output in the next four months has fallen slightly and suggests that firms believe that the recent low rate of increase will continue.

A fifth of those companies engaged in exporting were more optimistic than they had been four months previously about their prospects for the next 12 months. This is balanced by just over a fifth who are less optimistic. The CBI says this suggests a marginal decline in companies' confidence about export prospects after four consecutive surveys in which positive balances have been recorded. Companies employing more than 500 people tended to be less optimistic on this score, while the smaller firms continued to show more optimism.

Questions on export orders suggested a slight weakening of demand. The CBI comments: "The expectations yielded by the surveys since July last year have pointed to hopes of a very limited recovery and so the absence of rises in export demand is rather disappointing. The proportion of exporters which regard export order books as below normal has risen slightly to 56 per cent compared with 53 per cent in January, but is still below the 62 per cent recorded in July 1981.

Replies on export prices indicate a limited rise recently, but companies appear to expect increases to be less marked during the next four months.

CORPORATE LIQUIDITY

The special six-monthly questions on corporate liquidity reveal some improvement over the past year. The balance of companies expecting an improvement in liquidity for the period October 1981 to October 1982 was 19 per cent, which is the largest balance recorded since this question was first asked in 1974. Moreover, past results indicate that companies tend to be pessimistic in their forecasts of liquidity by a large margin.

The CBI says the results point to a "substantial" recovery of liquidity this year. However, the survey also indicates that 12 per cent of companies still consider reductions of stocks to be necessary in response to deteriorating liquidity.

TOTAL TRADE

All figures are percentages on a weighted sample. Figures in parenthesis show the response to the survey carried out last January. Number of respondents to total trade questions: 1,695.

	More	Same	Less
Are you more or less optimistic than you were four months ago about the general business situation in your industry	24	62	14
	(19)	(70)	(11)

Do you expect to authorise more or less capital expenditure in the next 12 months than you authorised in the past 12 months on:	More	Same	Less	N/A
(a) Buildings	9	42	34	15
	(10)	(43)	(35)	(12)
(b) Plant and machinery	29	39	31	1
	(27)	(40)	(32)	(2)

	Yes	No	N/A
Is your present level of output below capacity (ie are you working below a satisfactory full rate of operation)	77	22	1
	(77)	(22)	(1)

Excluding seasonal variations, do you consider that in volume terms:	Above normal	Normal	Below normal	N/A
(a) Your present total order book is	7	29	63	1
	(5)	(30)	(65)	(—)
	More than adequate	Adequate	Less than adequate	N/A
(b) Your present stocks of finished goods are	22	63	4	11
	(21)	(63)	(3)	(12)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months Up	Same	Down	N/A	Expected trend over next four months Up	Same	Down	N/A
Numbers employed	7	37	56	—	6	49	45	—
	(7)	(36)	(57)	(—)	(6)	(52)	(42)	(—)
Volume of total new orders	21	46	27	4	23	58	15	4
	(25)	(44)	(29)	(2)	(20)	(63)	(16)	(2)
of which: Domestic orders	23	47	27	2	21	63	14	2
	(23)	(48)	(27)	(1)	(16)	(69)	(14)	(1)
Volume of output	22	56	22	1	21	61	17	1
	(21)	(56)	(22)	(1)	(19)	(63)	(18)	(1)
Volume of domestic deliveries	23	49	27	2	24	58	16	2
	(20)	(52)	(25)	(3)	(19)	(63)	(16)	(3)
Stocks of: (a) Raw materials and brought in supplies	12	58	25	4	11	66	19	4
	(11)	(59)	(26)	(3)	(10)	(69)	(18)	(3)
(b) Work in progress	12	58	22	9	10	64	17	9
	(10)	(58)	(26)	(7)	(8)	(66)	(19)	(7)
(c) Finished goods	17	48	23	12	13	58	19	12
	(13)	(49)	(26)	(12)	(9)	(57)	(22)	(12)
Average costs per unit of output	46	45	8	1	46	47	7	1
	(48)	(41)	(7)	(1)	(38)	(55)	(5)	(1)
Average prices at which domestic orders are booked	38	51	10	—	36	59	4	—
	(36)	(55)	(7)	(1)	(50)	(46)	(3)	(1)

Approximately how many months' production is accounted for by your present order book or production schedule:

Less than 1	1-3	4-6	7-9	10-12	13-18	More than 18	N/A
18	41	13	3	3	0	0	22
(20)	(44)	(10)	(3)	(1)	(2)	(1)	(19)

What factors are likely to *limit* your output over the next four months:

Orders or sales	Skilled labour	Other labour	Plant capacity	Credit or finance	Materials or components	Other
91	2	1	3	3	2	2
(93)	(3)	(0)	(4)	(3)	(3)	(2)

	More than adequate	Adequate	Less than adequate
In relation to expected demand over the next 12 months is your present fixed capacity	61	37	3
	(58)	(39)	(3)

What are the main reasons for any expected capital expenditure authorisations on buildings, plant or machinery over the next 12 months:

To expand capacity	To increase efficiency	For replacement	Other	N/A
10	69	52	5	10
(12)	(69)	(53)	(6)	(11)

What factors are likely to limit (wholly or partly) your capital expenditure authorisations over the next 12 months:

Inadequate net return on proposed investment	Shortage of internal finance	Inability to raise external finance	Cost of finance	Uncertainty about demand	Shortage of labour including managerial and technical staff	Other	N/A
37	31	2	11	50	1	2	11
(39)	(20)	(2)	(12)	(52)	(2)	(2)	(10)

EXPORT TRADE

Companies completing these questions have direct exports exceeding £10,000 per annum. Number of respondents: 1,240.

	More	Same	Less	N/A
Are you more or less optimistic about your export prospects for the next 12 months than you were four months ago	20	57	22	1
	(20)	(63)	(14)	(3)

Excluding seasonal variations, do you consider that in volume terms:	Above normal	Normal	Below normal	N/A
Your present export order book is	14	29	56	1
	(5)	(30)	(65)	(—)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months Up	Same	Down	N/A	Expected trend over next four months Up	Same	Down	N/A
Volume of total new export orders	19	52	26	4	17	67	13	4
	(24)	(45)	(28)	(4)	(19)	(64)	(14)	(4)
Volume of export deliveries	21	50	24	5	26	51	19	5
	(22)	(53)	(20)	(5)	(23)	(54)	(17)	(5)
Average prices at which export orders are booked	33	53	11	2	28	61	8	2
	(28)	(59)	(9)	(4)	(40)	(51)	(4)	(4)

What factors are likely to limit your ability to obtain export orders over the next four months:

Prices (compared with overseas competitors)	Delivery dates	Credit or finance	Quota and import licence restrictions	Political or economic conditions abroad	Other
68	8	8	13	45	3
(73)	(6)	(9)	(9)	(43)	(4)

Scottish demand and output are still flat

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE CBI quarterly trends for Scotland show some steadying of business confidence.

Demand and output remain flat and expectations do not suggest much change in the next four months.

Isolated areas for encouragement include improved rate of domestic housebuilding, inquiries to the leisure industry and in electronics in Scotland.

Confidence in Scotland appeared slightly greater than the CBI survey of the UK as a whole, according to CBI officials in Glasgow.

In Scotland, the April trends point to continued labour shedding in the manufacturing sector.

Forecasts for the next four months show that companies are expecting further reductions in numbers employed.

The service sector, particularly banking and North Sea oil servicing, are not covered by the survey and might shed a slightly more optimistic light on economic forecasts.

According to the CBI, export orders and deliveries appeared broadly stable although slightly more companies were less, rather than more, optimistic.

Export orders, according to the CBI, have been and are expected to decline although at a slower rate of fall.

The flatness of outlook comes in the survey of activity levels among the 152 companies responding to the survey.

In terms of volume of output, 20 per cent report an upward trend in their volume but 27 per cent report a downward movement.

A similar slight downward trend appears in the volume of total new orders to Scottish companies.

Capacity utilisation has improved a little but a large majority of companies are operating below a satisfactory full rate of operation.

The CBI Scotland survey also shows the majority of companies expecting to authorise less capital on building in the next 12 months than the past 12.

In terms of the Scottish survey results, increases in unit costs continue to be at an historically low rate.

APPOINTMENTS

APPOINTMENTS

Group treasurer for Tate & Lyle

Mr David T. Smith has been appointed group treasurer of Tate and Lyle from June 1. He succeeds Mr Gordon J. S. Tanswell who retires on May 31. Mr Smith has been with Tate and Lyle for five years as deputy finance director and group taxation manager. Before joining Tate and Lyle he was group taxation manager with Grindlays Bank.

*

Following the acquisition by Trusthouse Forte of PERRY PUBLICATIONS, Mr Geoffrey H. Perry managing director and Mr Nick Perry, marketing director respectively of Perry, have decided to leave.

*

Mr Ernest Stenton has resigned as a director of DIXONS PHOTOGRAPHIC. Mr Eddie Styring has been appointed marketing director.

*

Mr Dennis Webb has been promoted to finance director and company secretary of the Wolverhampton-based CHARLES CLARK MOTOR GROUP after eight years as group chief accountant.

*

Mr Philip Hirth has been appointed company secretary of SAWARD BAKER AND CO.

*

Mr Roy Haines has been appointed to the new position of deputy treasurer of NATIONAL WESTMINSTER BANK'S international banking division. He was a senior executive within the treasurer's department, international division.

*

UK PETROLEUM INDUSTRY ASSOCIATION has re-elected Mr S. D. Watkins (Shell) as its president. Mr I. R. Walker (BP) and Mr J. C. Lowein (Mobil) are vice-presidents and Mr P. J. M. Wilson (Chevron) is treasurer. All are managing directors of their respective companies.

*

Mr J. Campbell, general manager, Norwich Union Fire Insurance Society, has been appointed chairman of the FIRE PROTECTION ASSOCIATION. Mr V. C. Bryan, general manager (UK division) Commercial Union Assurance, has become deputy chairman.

*

The U.S.-based industrial products and electronics concern JOHN BROWN has formed a European organisation. Mr Robert McMurray has been named deputy chief executive. Based in London, Mr McMurray will direct European sector activities including machine tools and plastics machinery operations. Mr Robert Trojan will continue as chief executive of the John Brown machine tool division consisting of Wickman Automatic Lathes, Webster and Bennett and Wickman Automated Assembly. Mr Michael Wicken will be the chief executive of the plastics machinery division, Europe, which will include Bone Cravens, Daniels Engineering and Tooling Products, all in the UK. He will also be responsible for Negri Bossi in Milan.

*

REED GROUP, the paper and packaging division of Reed International, has appointed Mr Dennis Sutherland finance director in succession to Mr Joe Lewis who has retired. Mr Sutherland was finance and commercial director of Spicers for five years until 1980 when he was appointed director of planning, Reed Group and chairman of Aylesford Systems and Computer Equipment.

*

Mr Sidney Leader Cramer retires as a director of AUSTIN REED GROUP and as chairman of the group's manufacturing companies on May 10.

*

At the annual meeting of the NATIONAL FEDERATION OF BUILDING TRADES EMPLOYERS Mr Malcolm Purdy was elected president for 1982-83.

*

Mr J. C. M. Cuthbert has been appointed deputy managing director of FENCHURCH SCOTT REINSURANCE BROKERS.

*

Mr Ewart George Thorne, executive director and group secretary of the TREBOR GROUP, has retired. New group secretary is Mr Peter Whalley, who joined Trebor in 1981 as assistant secretary.

*

Following the offer for Seascope Holdings becoming unconditional the following have been appointed directors of HENRY ANSBACHER HOLDINGS: Mr Charles B. Longbottom, Mr David P. d'Ambrumenil, Mr John Graham, Mr Hugh R. Sykes, Mr Thomas D. H. Young, Mr Thomas M. Aron (U.S.), and Mr David H. LeRoy-Lewis. Mr Charles C. P. Williams has been appointed chief executive and Mr John F. Jackman has been appointed secretary.

*

Mr Adrian O'Neill, display advertisement manager of The Observer, is joining TV TIMES MAGAZINE as advertisement sales and marketing director.

*

ARLINGTON SECURITIES has appointed Lord Keith of Castleacre as chairman. Sir Charles Mander, who has been chairman of Arlington since its formation, is to remain as a director and deputy chairman.

*

Mr Jack Watmough has retired from the boards of Watmoughs and Bridge Graphics. He remains deputy chairman of WATMOUGHS (HOLDINGS) and Mr Colin Manghan becomes deputy chairman of Watmoughs. Mr Douglas Greaves has retired from the boards of Watmoughs (Holdings) and D. H. Greaves. Mr Greaves is to be a consultant to Watmoughs (Holdings).

*

Mr William B. Slater has been appointed chairman of ASSOCIATED CONTAINER TRANSPORTATION (ACT) succeeding Mr R. A. Lloyd who continues on the board. Mr Slater is managing director of the Cunard Steam-Ship company. Mr B. R. Hazlitt has been appointed chairman of Associated Container Transportation (ACT) Services, succeeding Mr Slater. Mr Hazlitt is managing director and deputy chairman of Blue Star Line.

*

COUNTY INSULATIONS has appointed Mr Henry Denison as financial director. He was previously a partner with Clemence Hoar Cummings.

*

PLESSEY ELECTRONIC SYSTEMS, defence systems equipment arm of The Plessey Company, has appointed Mr Philip Hamer as director of overseas operations. He joins Plessey from PA Management Consultants where he was a senior consultant specialising in defence electronics.

Mr Neville R. Barkes, chairman TSB North East, Mr Kenneth A. Millichap, chairman TSB North West and Mr Peter J. Cook, general manager TSB Wales and Border Counties have been appointed directors of CENTRAL TRUSTEE SAVINGS BANK (CTSB). CTSB, a recognised bank under the Banking Act 1979, provides clearing and wholesale banking services on behalf of the TSB Group. Mr Denis Eadie, former chairman West of Scotland TSB and Mr Albert Owen, general manager TSB North West are retiring from the board.

*

Mr Cesare Pettorelli has been appointed Italian country officer of PRIVATBANKEN. He joins the Danish Bank in London from the European Investment Bank, Luxembourg.

The GEC-AVERY GROUP has appointed Mr Neil Gardner as managing director of its Driver Southall division following the death of the company's previous managing director Mr Tony Braddock.

*

WINDSOR LIFE ASSURANCE has appointed Mr Brian D. Wood as chief financial officer.

Mr Jim Brooke has been promoted to managing director, P & O ROADWAYS. He joined the company in 1969 and will continue to be based at Felixstowe.

*

Following reorganisation of the capital structure of SPL, SYSTEMS PROGRAMMING HOLDING (SPH), the holding company, has made the following SPH board appointments: Acting for the time being as chairman is Mr Robin Gill, who is chairman of Standard Industrial Trust. Managing director is former chairman and managing director, Mr Peter Adams, who remains chairman and managing director of SPL. New appointments to the board representing Western Broadcasting Company, the holders of 60 per cent of SPH, are: Mr F. A. Griffiths, chairman of Western Broadcasting, Mr F. W. Griffiths, Mr J. R. Peters and Mr D. Owen, all directors of Western Broadcasting. Mr David Redway becomes director responsible for the UK operations and Mr M. Vale continues as secretary and financial director.

*

The ENGLISH ASSOCIATION TRUST has appointed Mr G. P. L. Addison as a director.

Changes at Ranks Hovis McDougall

Mr Donald W. Nutting has retired from the board of RANKS HOVIS McDOUGALL. Mr A. F. Hirst, managing director of RHM general products division, will retire on May 31. The general products division has been reorganised into two separate, smaller operating divisions, from May 1.

One division is the RHM grocery division, headed by Mr Bryan Gibbs, managing director of RHM Foods. As managing director of RHM grocery division, Mr Gibbs' responsibilities include all RHM branded grocery product companies (RHM Foods, Sharwood's and Pasta Foods), a Denmark-based food company (Babncke), and a catering supply company (McDougalls Catering Foods).

The new general products division is led by Mr Paul Coker, the operations director of Rank Hovis (RHM's flour milling subsidiary). In his new role as managing director of the general products division, he will oversee a chocolate confectionery company (Stewart and Arnold), a Scottish cereal and pulse food company (William Brock and Son), a cheese and butter supply company (Dairy Produce Packers), a French salt packing company (Salines Cerebos) and a cheese company in Northern Ireland (Antrim Creameries). Mr Coker will also be responsible for two mushroom growing companies (A. G. Linfield and Shepherds Grove Mushrooms) from September.

*

Mr P. A. Metaxa has assumed duties as deputy managing director of RHM Cereals and operations director of Rank Hovis.

Mr R. R. Pulman, a director of Unigate, has been appointed chairman of WINCANTON GROUP. He has been succeeded as managing director of Wincanton Group by Mr R. D. Yeomans, previously managing director of Wincanton Transport.

*

Robert Fleming Holdings has formed ROBERT FLEMING MARINE as a subsidiary of Robert Fleming Insurance Brokers. The board of the new company consists of: Mr P. L. B. Stoddart (chairman), Mr B. W. Pearce, Mr W. L. Banks, Mr C. J. Bowring, Mr R. D. Chase, Mr A. C. Tanner and Mr G. F. Tebbutt.

Mr Leonard Humphrey, managing director of Humphrey Scaffolding (Brighton) has been elected president of the NATIONAL ASSOCIATION OF SCAFFOLDING CONTRACTORS for 1982-83. The new senior vice-president is Mr Michael Ormiston, deputy managing director of GKN Mills Building Services and the junior vice-president is Mr Robert Kewell, contracts director of Palmers Scaffolding.

*

Mr D. J. Sebire has resigned from the board of Arlington Securities to allow him to devote more time to Ariel International of which he is finance director.

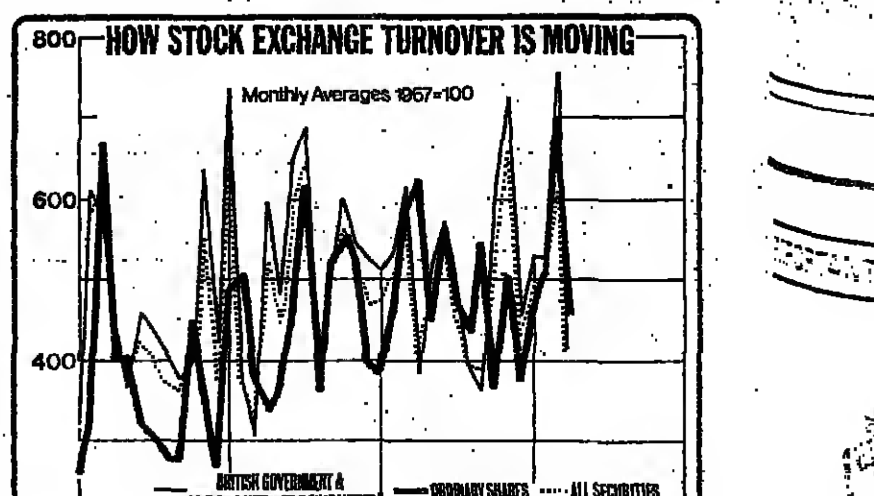
Reorganisation at Manson Finance Trust

Mr John Mowat, a former senior executive with the Royal Bank of Scotland, has been appointed joint chairman and managing director of MANSON FINANCE TRUST. Mr Mowat joined Manson a year ago and his appointment as joint chairman, in succession to Mr Arnn Lawson, is part of a major reorganisation of Manson Finance, which is a member of the Malaysian Hong Leong group. Manson's UK operations have been reorganised into three main divisions—banking (Edward Manson and Co.), property and mortgages (MFT Securities), and financial services (Manson Finance Management). Mr Mowat takes over as executive chairman of the banking division and Mr Ron Williams, a former clearing banker, is the general manager. The financial services division, which includes leasing factories and insurance broking will be under the direction of Mr Martin Forman and Mr Robin Hirshman has been appointed managing director of the property and mortgage division.

STOCK EXCHANGE BUSINESS IN APRIL

Falkland Islands crisis stifles Stock Exchange business

BY NIGEL SPALL



THE ARGENTINIAN invasion of the Falklands at the beginning of the month restricted business on the London Stock Exchange throughout April. Turnover of £13.60bn in all securities in April fell well below March's £22.73bn which was the highest on record.

The fall in business of just over 40 per cent in money terms also partly reflected three fewer trading days in April than in March. The Financial Times turnover index for All Securities receded to 416.6 in April compared with the 696.4 peak recorded in March. The overall number of bargains decreased by 202,431 on the month to 390,371, but the average value per bargain improved by £248 to £8,805.

Gilt-edged securities registered the most dramatic drop in business, turnover here contracting by £7.90bn, or 44.4 per cent, to £9.89bn. A fall of £5.74bn in the longer-dated and irredeemables, to £3.89bn, was the main feature, turnover in the short-dated stocks decreasing by £2.16bn to £6.00bn.

The number of gilt-edged bargains fell by 33,608 to 66,346, with a 23,930 fall to 47,026 taking place in longer-dated issues. Bargains in the shorts dropped by 9,678 to 19,320.

The implications of the Falkland Islands crisis took their toll on market sentiment throughout the month. The Financial Times Government Securities index, down 1.69 points at 67.65 on April 5, recorded its biggest one-day fall since June 13 1979. Subsequently, it fluctuated with the ebb and flow of hopes and fears about a peaceful settlement and closed the month 1.23 points down on balance at 67.70.

Turnover of £2.58bn in the equity sector was down £0.83bn, or 24.3 per cent, on the previous month. The number of equity bargains decreased by 158,140 to 293,119 and the Financial Times turnover index for ordinary shares dropped from March's peak of 752.9 to 418.6, its lowest level since last September.

Conditions in the equity market were also extremely thin and sensitive as investors held off awaiting developments, but a batch of cheerful company trading statements, including some favourable news from big names, helped counterbalance political uncertainty. The Financial Times Industrial Ordinary Share index registered its April low-point of 544.8, but rallied to close the month a net 6.6 points up at 575.1.

Category	Value of all purchases & sales £m	% of total	Number of bargains	% of total	Average value per day £m	Average value per bargain £	Average number of bargains per day
British Govt. and British Govt. Guaranteed:							
Short dated (having five years or less to run)	5,998.2	44.1	19,320	5.0	299.9	310,464	966
Others	3,892.1	28.6	47,026	12.0	194.6	82,764	2,351
Irish Government:							
Short dated (having five years or less to run)	399.6	2.9	1,675	0.4	20.0	238,572	84
Others	258.0	1.9	2,371	0.6	12.9	108,817	119
UK Local Authority	321.8	2.4	4,239	1.1	16.1	75,290	212
Overseas Government/Provincial and Municipal	24.5	0.2	755	0.2	1.2	32,425	38
Fixed interest stock pref. and pref. ordinary shares	121.6	0.9	21,866	5.6	6.1	5,577	1,093
Ordinary shares	2,580.9	19.0	293,119	75.1	129.0	8,805	14,656
Total	13,597.0	100.0	390,371	100.0	697.8*	34,831*	19,519*

*Average of all Securities.

TECHNOLOGY

EDITED BY ALAN CANE

NatWest first with 'electronic bank managers'

BY ALAN CANE

A BANKING revolution has been taking place quietly behind the unlikely doors of National Westminster's Surbiton branch.

In the past year, Mr David Reygate, the manager, has been involved in an experiment which qualifies him to call himself the UK's "first electronic branch manager."

Now, NatWest seems so pleased with the results of its trial that it is extending the scheme, at a cost of more than £3m, to a further 51 branches.

The experiment is office automation applied to the banking world.

Banks are, of course, already very advanced in the use of back office technology—automated cheque clearance, computerised customer accounting, software packages for foreign exchange dealing.

Credit limits

They are making dramatic strides in the use of front office equipment—sophisticated automated teller machines, counter terminals which relieve the cashier of much of the hard work of recording transactions and checking credit limits.

The Surbiton experiment was designed for a different purpose: to get rid of much of the administrative paper in the branch.

More specifically, the trial was designed to eliminate customer records on paper.

So Surbiton branch customers seeking an overdraft from Mr Reygate find their ordeal does not quite follow the traditional pattern.

The bulky, usually dog-eared, file containing the notes of all the bank's dealings with that customer is conspicuously absent from Mr Reygate's desk.

Instead, he has a low, neat keyboard in front of him and he frequently consults a large visual display unit set at his right elbow.

The screen and the keyboard are part of what NatWest calls its "branch processor." It is actually an IBM 8100 system, the computer IBM is offering as the mainstay of its automated office programme (see this page December 23, last year).

Surbiton has one processor and a number of terminals distributed through the office. A sub-branch at Hinchley Wood is connected to the 8100 over the telephone line when communication is necessary.

Any member of staff can call up a customer's records on the screen—there is no need for security because they would all have had access to the traditional paper files.

Personal details

The 8100 system is linked to the bank's main computers in London and Kegworth, Leicestershire, which hold all customer's account details.

So the branch manager calls up a customer's personal details and his or her financial history at the press of a few keys.

Mr Reygate points out: "As well as general customer details my staff and I can find out full information on a customer's account without having to move away from our desks. This results in customer inquiries being handled in a fraction of the time they used to take."

No hardship

Staff at Surbiton seemed to like the system. Each customer's details have to be entered in a precise and compact manner—there are obviously restrictions on space in a computer file that do not exist in the paper equivalent.

But Mr Reygate's staff think that the discipline of compressing the information is no hardship.

There are other advantages: files cannot get lost or mislaid—the master copy resides in the branch processor's memory. Updating and annotating is a simple matter compared with the dubious efficiency of handwriting notes on a Cardex file.

So Mr Reygate and his staff are happy. What about his customers?

Not surprised

"Many of the companies in this area are involved in the electronics or computer business," he points out, "they see nothing surprising about it at all."

And NatWest is happy. It intends to instal 11 branch processors serving 51 branches in the Epsom area.

Mr Brian Keyte, senior executive for planning and development, said this week: "We believe in the concept of the paperless office. We do not believe our present methods involving paper files will be able to cope in the future.

"We are running out of space to store paper records.

"Furthermore, the experiment at Surbiton has proved successful. It met its design aims and we believe we must build on this foundation quickly if we are to gain the right sort of experience and learn how to modify the system to suit larger scale operations."

NatWest is the first UK bank to instal computerised customer records. As competition between the big clearers intensifies, it will not stay unchallenged for long.

Mr David Reygate—no longer needs the customer's dog-eared file

Robot for the price of a family saloon

SPERRY VICKERS AUTOMATION AND PNEUMATICS at Telford, Shropshire, needed a "pick and place robot" for its valve production plant. It was quoted £70,000. So, using, as it says, "its own automation and pneumatics expertise," the company designed its own robot.

The result, a robot which it intends to manufacture for other interested users. It uses existing Sperry components and will, says the company, sell, depending on the options required, for about the price of a typical family saloon car.

Sperry claims that by using its own electronic logic control, cylinders and actuators to meet a wide range of production loading and transfer requirements it can produce robots at a fraction of the cost of comparable equipment and transform the market for industrial robots, particularly for the smaller manufacturer.

Opportunities

The company plans to be manufacturing a range of robots at Telford by next year.

Mr Arthur Spencer, Special Projects Manager, said of the new robot: "A low cost automatic 'pick and place' unit presents enormous opportunities to industry. It will enable smaller manufacturers to become more competitive by achieving levels of productivity usually confined to companies capable of considerable capital investments."

The standard robot for the company's own use can be programmed to perform a wide range of "pick and place" functions using both vertical and horizontal movement at up to five stations on a 240 degree arc.

The capability, it is claimed, makes it particularly suitable for special purpose machine loading and automated assembly operations.

As an initial tough test Sperry is using the robot for field tests on a demanding purpose built valve machining centre where its multi-station capability will be fully extended.

The robot has been constructed in modular form for ease of installation and maintenance with a stand alone console.

The linear module has a variable stroke of 0 to 12 ins. This is pneumatically operated and hydraulically damped with fine adjustment by dead stops with built in proximity switches. A variety of gripping attachments together with a rotary arm will be available.

The lift module works on the same principle with a 0-3 ins vertical stroke as standard.

Actuators

The indexing module offers maximum rotation of 240 degrees with up to five stations set at 60 degrees spacing. These are standard but actuators can be fitted with or without uplift/extending arm/indexing facilities as required.

Small manufacturers might like to forego this year's new family saloon and buy a robot instead. Phone Mr J. Minchell at Sperry (0952 586000).

MAX COMMANDER

Texas aims for new standards

LATER THIS year Texas Instruments will be entering the relatively new field of the industrial LAN (local area network) and appears to be aiming at establishing new standards for the factory based on X25, the CCITT West European standard for user-to-network access in packet data transmission.

According to Mr P. Emerson, TI's European marketing manager for industrial controls, there is no guarantee that current or proposed local area networks, aimed almost entirely at the office environment, will meet factory automation needs or survive the industrial environment.

There is a more crucial need in factory systems to transfer data quickly and the hardware needs to be more robust and resistant to noise.

The announcement is accompanied by the release of two new programmable controllers, the models 520 and 530, differing mainly in terms of input/output capacity and memory size. The model 530 has some 7,000 words of efficient user memory, 1,023 input/output points and can accommodate over 30 high-level instructions.

But TI's networking plan is likely to attract most attention. It is a peer-to-peer, but nevertheless is being planned as an "open" network. Thus, any kind of device can talk to any other, and the devices will not have to be of TI origin.

In addition, there will be interfaces to major computers to provide for factory-wide management information systems — the computer simply becomes another node on the network, with access to all the programmable controller and other devices.

The data rate on Tiway 2 will be 1m bits/second, over coaxial cable, and there will be high integrity says TI, with no more than one undetected message error in 100 years.

From its semiconductor operations, TI plans to produce high performance chips and small interface modules to support the network. These will allow universal interconnection to the data highway.

Mr Emerson says: "We expect to complete our detail design of Tiway 2 later this year."

GEOFFREY CHARLISH

No stranger to Queen's Awards

INSTRON of High Wycombe is no stranger to the Queen's Award. This year's effort makes it five, three for export and two for technology.

Instron makes materials testing equipment. Servo hydraulic materials testers is what Instron calls its products; push and pull machines is a simple description of what they do.

The company received its first technology award for a new motor drive system which improved the way it was able to push and pull bits of test material to destruction.

Its latest award is for replacing all the knobs, buttons and controls necessary to run the old machines with a microprocessor, visual display screen and keyboard.

Accuracy

According to Roger Martin of Instron, microprocessor control makes the new machines — the 8000 series — easy to use; complex test procedures are simplified and the tests can be conducted reproducibly with high accuracy and minimal risk of human error.

There are six machines in the range. The largest can stretch or compress a test sample with a force of 200 tonnes, and are used in heavy engineering, nuclear power work, aeronautics and turbine work.

The smallest model can be used to test the breaking point of a piece of plant tissue or an artificial knee joint.

The decision to replace the old controls with a microprocessor-based system was entirely Instron's and it received no Government grant towards the development costs.

"We have a large research and development department," Mr Martin said, "and we are continually looking for ways to incorporate new technology in our products to improve them."

A.C.

Robotic machines

DAINICHI-SYKES Robotics, which was formed last year in Bamber Bridge, Preston, as the result of an agreement between the British owned Skyes Group and Dainichi Kiko of Japan, a robot specialist, will be marketing two new machines in Europe from this week.

The smaller of the two is the PT300, a DC servo-driven articulated arm with a wide operating envelope and a lifting capacity of 5 kg. It will be supplied in two forms, a basically horizontal plane configuration suitable for component handling and assembly and a vertical plane version that gives added flexibility for arc welding, machine tool loading and other general purpose tasks.

PT800 is somewhat larger, has a vertical configuration and can lift up to 25 kg.

Together with its existing products, the company claims that it can now offer the "widest variety of robot systems of any manufacturer." More on 0772 322444.

SuperBrain now available

NOW AVAILABLE from Cambridge Micro Consultants is a version of the SuperBrain microcomputer with a built-in S-100 interface.

This interface allows a normally business oriented computer to communicate with the outside world via analogue/digital input and output devices.

The company says that this opens up applications for the computer in scientific, engineering and education. More information on 0223 314666.

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Candidates must be qualified accountants, preferably Chartered and in their early thirties, and with sound experience of developing systems in a computerised environment. A period in industry or commerce would be particularly useful. Personal qualities sought include determination and the ability to communicate fluently.

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Please write to Geoffrey Thiel, Advisor to the Church Commissioners, giving details of career and salary progression, age and qualifications, and quoting reference 1068/FT on both envelope and letter.

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E.H. Kirkham, Ref: 15044/FT. Male or female candidates should telepbone in confidence for a Personal History Form **01-734 6852,** *Sutherland House, 5/6 Argyll Street,* **LONDON,** *W1E 6EZ.*

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**F. P. Rhodes,
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Please write or telephone to: Susan Darby, Cable & Wireless UK Services Ltd., 83 Blackfriars Road, London SE1 8HQ. Tel. 01-633 9577.

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An established British group with home and overseas interests seeks a young qualified accountant (preferably a graduate) to join its small central team responsible for interpreting group information and advising on all financial aspects of its operations.

This is an exceptional opportunity to gain varied experience in such fields as acquisition appraisal, profitability studies, efficiency reviews, and special reports for board presentation – all for specific purposes with a minimum of routine.

Excellent promotion opportunities will arise through working closely with senior management of all disciplines, both at holding company and subsidiary level.

***Contact David Tod, BSc. FCA on 01-405 3499
quoting reference DT/547/STF.***

Lloyd Management
Recruitment Consultants
125 High Holborn London WC1V 6QA *01-405 3499*

BRIDGEWATER GROUP

GROUP FINANCE DIRECTOR

£16,000 — £18,000
NEGOTIABLE + CAR

WATFORD

Bridgewater Windscreens, one of the largest private windscreen replacement companies in the United Kingdom, is rapidly expanding towards national coverage. Its sister company, Bridgewater Glass, is the local market leader in contract glazing and the retail distribution of glass and related products.

The successful candidate is likely to be a graduate qualified accountant between 35 and 40 years of age with several years' experience in a senior position in a fast-moving service industry. The position also demands a personality and presence which will attract both the respect and liking of colleagues and staff.

Please write to:

**P. J. Bridgewater, Esq.,
The Chairman,
BRIDGEWATER GROUP
44-56 Vicarage Road,
Watford,
WD1 8EN.**

CHIEF ACCOUNTANT

South Manchester

We are the U.K. subsidiary of a West German based international chemical group and wish to appoint a new Chief Accountant based at our headquarters at Cheadle Hulme.

The position carries responsibility for the finance and accounting functions of the Company with the assistance of 4 Managers and their staff, and offers opportunities for further career development within the group.

Candidates, male or female, should be Fellows of the Institute of Chartered Accountants, experienced in company financial and banking techniques, who have held a similar position in a large international company working within the disciplines of group reporting. In view of the cooperation with the parent Company, fluency in the German language is essential. Probable age range 35-40.

Salary is negotiable and benefits include a company car, contributory pension scheme, BUPA membership and the working conditions associated with an international chemical company.

**Please forward c.v. giving complete educational and career resumé and details of current earnings to:
The Personnel Department, BASF United Kingdom Limited,
P.O. Box 4, Earl Road, Cheadle Hulme, Cheadle, Cheshire SK8 6QG.
Tel: 061-485 6222.**

BASF

HIGSON PING

Financial Controller

£19,000 + car, etc. N Home Counties

Our client is a major well-known UK Company with a number of large manufacturing sites in this country.

An ambitious and successful qualified accountant, male or female, is sought at Group HQ to control and co-ordinate its financial activities.

Aged under 40, candidates will have experience of working for a large manufacturing company, and have some knowledge of Government Accounting procedures.

Conditions and prospects are axcelleot.

Those meeting these specific requirements should write to M. J. P. Ping, quoting refereoce P1416, or ring Higson Ping Limited and ask for a personal history form.

Higson Ping Ltd./Executive Recruitment Consultants.
110 Jermyn Street, London SW1Y 6HB.
Telephone: 01-930 4196 (24 hour answering service).

Accountancy Appointments

PORT OF TYNE AUTHORITY

APPOINTMENT OF DIRECTOR OF FINANCE

The Port of Tyne Authority invite applications for the post of Director of Finance which will become vacant on the retirement of the present holder of the position.

Professionally qualified candidates, preferably in the 35/45 age group, should have experience at senior level of financial control in a large organisation and if without a specific port background, should have experience at or immediately below board level in the financial function of a commercial or industrial organisation.

The duties of the Director of Finance include: the operation of an effective system of control over the Authority's financial affairs; the provision of financial management information, budgetary control; cash flow projections; taxation and superannuation scheme administration. He/she is a member of the Authority's senior management team and reports directly to the Managing Director.

The salary for the position will be in the region of £16,000 per annum with other benefits.

The person appointed will be required to become a member and be subject to the provisions of the Authority's superannuation scheme and provide satisfactory medical evidence prior to entry. Canvassing either directly or indirectly will result in disqualification of application.

Applications should be received before 21st May, 1982 and be accompanied by two recent testimonials and addressed, in an envelope marked "confidential," to:—

Managing Director
PORT OF TYNE AUTHORITY
Bewick Street,
Newcastle upon Tyne NE1 5HS

Financial Controller

Reading c.£17,000 + car

Security Pacific Trust, a wholly owned subsidiary of Security Pacific Corporation, is currently engaged in an active period of aggressive growth and development. We are seeking a fully qualified Accountant to take charge of our computerised accounting function.

Range of duties will include overall responsibility in the following areas:

- Preparation of monthly accounts
- Profit forecasting
- Liabilities management
- Tax planning
- Preparation of statutory accounts

The ideal candidate will be forward thinking and will have experience of Finance House operations or experience in a similar environment. He/she must be able to contribute fully to the management team and be capable of motivating and managing personnel in the accounts division.

A substantial salary, together with subsidised mortgage, a Rover car and all other benefits associated with a position of this importance in an international financial service industry will be offered to the successful applicant.

Please reply in strictest confidence giving full details of your experience and qualifications to the address below.

Mr. Philip E. Hold, President and Managing Director,
Security Pacific Trust Limited,
Security Pacific House, 308-314 Kings Road, Reading, Berks. RG1 4PA.

Security Pacific

Corporate Finance

London c £16,000

For a large and successful international group, involved in construction and the manufacture of a wide range of industrial products, and one of the country's leading exporters.

You will join a small multi-discipline team at corporate headquarters, which reports to the Group Finance Director, and is concerned with all aspects of corporate finance, including investment appraisal and the review and implementation of acquisitions and divestments. You will work closely with the senior management of the group's operating subsidiaries in the UK and overseas.

You should be a qualified accountant or business graduate with a strong track record in one of the major accounting firms or an international group. Prospects for career and salary progression are excellent.

Write in confidence to John Cameron, quoting ref. CO50, at 10 Bolt Court, London EC4 (telephone 01-583 3911).

Chetwynd Streets
Management Selection Limited

Management Accountant

Surrey/Sussex border £10,500

Our client is one of the market leaders in providing a complete systems approach to the communications and graphic arts industry. You will be responsible for controlling the accounts systems, accurate and prompt reporting of management information and have the ability to motivate a small accounts department. Experience in a marketing and production environment would be an advantage. The usual large company benefits apply.

*Write with full c.v. quoting ref. C41/FT to JWT Recruitment
40 Berkeley Square, London W1X 6AD*

FULLY QUALIFIED ACCOUNTANT

required by company established for more than 100 years successfully exporting millions of pounds of equipment through its offices in many parts of Latin America and Western Europe, to take over the running of the bookkeeping within the UK. The bookkeeping in the foreign branches is handled on a day-to-day basis in the countries concerned. Basic starting salary: £10,000 per annum. The company supplies other emoluments such as luncheon vouchers at 75p per day, bonuses and season ticket loan, etc.

*Reply with c.v. to:
Box A7853, Financial Times
10 Cannon Street, London EC4P 4BY*

PROJECT MANAGER FINANCE

£13,500 + CAR

A qualified accountant is required to assist in the development and financial control of special porjects and acquisition for a West Midlands based group of companies.

The person concerned must have at least 3 years' post qualification experience with a medium-large firm of accountants. Exposure to and an understanding of the detailed reporting requirements and financial controls of large industrial concerns, together with knowldege of the operation and development of computer based financial and business systems, will be an advantage.

Apply with full details to:
L. I. Jebson, Esq.
Finance Director
CENTREWAY INDUSTRIES
1 Waterloo Street, Birmingham B2 5PG

Chartered Accountant-European role

5-figure salary Based Reading

to join the Overseas Division of Metal Box, Europe's largest packaging manufacturer producing a wide range of metal, plastic, paper and board containers.

As a member of the Divisional Finance Director's staff, prime responsibility will be for accountancy and financial services relating to the Division's investments within Western Europe.

Major duties will cover assessing and reporting on each country's monthly, semi-annual and annual accounts, forecasts and plans, capital expenditure; preparing consolidated accounts; ensuring financial controls and standards are maintained; and carrying out ad hoc studies for new prospects/acquisitions. European travel will be involved.

Candidates should be chartered accountants with at least 3-5 years' industrial experience, ideally gained within an international organisation. A good working knowledge of French and Spanish or Italian is essential. Knowledge of European accounting systems, corporate tax and exchange controls would be an advantage. Career prospects are excellent and group-wide.

MB Metal Box

Please write with detailed c.v., or telephone for an application form, to: **R. B. L. Tasker, Overseas Division Staff Officer, Metal Box plc, Queens House, Forbury Road, Reading RG1 3JH. Tel: Reading (0734) 581177.**

International Appointments

We are a dynamic, successful new business ready to establish a European distributor network to aggressively market computer peripherals and microcomputers whose capabilities are unexcelled in the marketplace. To accomplish this, we are seeking an expert marketer with sharp management skills in computer and related products to set up a European network in all major markets.

The individual will organize a team of five to seven professionals with a variety of expertise in hardware, software, field service, computer peripherals, and business applications. Key to qualifying for this position is 10 years hands-on experience in major European markets in computer peripherals through distributor and dealer networks.

INTERNATIONAL VICE PRESIDENT OF MARKETING

The individual we seek must have built a staff and set up dealer networks from inception to completion, with heavy responsibility for establishing marketing policies on pricing and selling strategies. Fluency in English required. Knowledge of another European language essential.

The headquarters office for this individual is a European city yet to be determined. A tailor-made compensation plan will be developed for the right individual. Filling this position is immediate and imperative. Therefore, our response to qualified individuals will be short term. Send your resume in confidence to: Box A7850, Financial Times, 10 Cannon Street, London EC4P 4BY.

Equal Opportunity Employer M/F

ACCOUNTANTS

An international company requires qualified Accountants for the following vacancies:—

a) based in Jeddah, a background in retail trading is required. Salary up to £17,500 tax free + benefits.

b) Monte Carlo based, shipping experience desirable. Salary c. £13,500 tax free + benefits.

Please send c.v. to

IMS Ltd.
121 High Street, Oxford OX1 4DD

International Banking

The International Division of this specialist Bank Recruitment Consultancy carries a wide ranging portfolio of assignments including the following:—

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AUDIT (newly qualified A.C.A.)	DM 50,000 min.	COUNTRY MANAGER	neg.
FINANCIAL CONTROLLER	DM 90,000	SENIOR MARKETING OFFICER	DM 70-90,000 neg.
FX DEALER	DM 60-100,000 neg.	EXPORT FINANCE EXECUTIVE	DM 80-100,000 neg.
FX ADVISER	DM 60-80,000 neg.	CORPORATE FINANCE EXECUTIVE	DM 50-80,000 neg.
LEASING EXECUTIVE	DM 80-90,000 neg.	DEPUTY HEAD OF CREDIT	DM 65-67,000 neg.

Jonathan Wren
Banking Appointments

If you are interested in these or other opportunities please write in confidence enclosing a detailed curriculum vitae to Roy Webb, Jonathan Wren & Co. Limited, International Division, 170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266. No identities divulged without permission.

EMPLOYMENT CONDITIONS ABROAD LIMITED

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01-637 7604

INTERNATIONAL APPOINTMENTS

APPEAR EVERY THURSDAY
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per single column centimetre

Finance Director

Singapore

The General Electric Company of Singapore Ltd invites applications for the position of Finance Director. The company trades in electrical, mechanical and electronic products and is also in specialised electrical contracting.

Candidates must be qualified accountants in the age range 32-40 and have the ability both to maintain tight financial control and contribute to the profitable running of the business. Experience in implementing computer systems is desirable. Previous employment overseas or in a trading environment would be an advantage, but is not essential.

Please apply in confidence to:- D B Bimington, Financial Controller, Overseas Operations, The General Electric Company plc, 1 Stanhope Gate, London W1A 1EH.

GEC

MERCK & Co. Inc., a leading U.S. pharmaceutical company is recruiting an

International Internal Auditor (m/f)

to be based in Brussels.

The successful candidate will join a team whose function is to perform financial and operational reviews to assure corporate management that subsidiaries are operating with adequate internal controls and in accordance with corporate policies.

Approximately 50 % of time is spent away from base, primarily in capital cities of Europe.

Candidates should have a University degree, three years' experience in auditing or accountancy and a recognized accounting qualification. It is preferred that they be fluent in at least one other European language besides English. We are seeking highly motivated people who exhibit management potential. The position offers an attractive salary and fringe benefits, and a real opportunity to assume a financial position in one of the company's world-wide locations.

Please reply in confidence with detailed curriculum vitae and professional background to F. Vandewalle, Personnel Department, MERCK SHARP & DOHME, chaussée de Waterloo 1135, 1180 Brussels. (Preliminary interviews will be conducted in London).

MSD MERCK SHARP & DOHME

F/X DEALERS

Frankfurt Rotterdam

Major International Bank

Our Client is a prominent international bank with significant operations in all the major financial centres throughout the world.

Current plans call for the further development of its dealing teams in Frankfurt by the recruitment of a No. 2 exchange trader, preferably late 20's, and in Rotterdam by attracting a younger dealer probably with 2 years experience in a major international bank.

Both positions offer significant opportunities for personal development with a highly professional organisation, and the salary and benefits for each will amply reflect the calibre and performance required by the bank.

Contact Norman Philpot in confidence on 01-248 3812

NPA International Recruitment
60 Cheapside London EC2 Telephone 01 248 3812/3/4/5

JOBS COLUMN

Sign of turn in higher-grade unemployment

BY MICHAEL DIXON

YES it really is true. I could hardly believe it myself at first, because ever since I began tracking unemployment among British managers and specialists two years ago, each successive check has shown a further increase. But the April figures just received from the Government-sponsored Professional and Executive Recruitment agency reveal that the number of experienced, higher-grade staff without jobs has fallen by 1 per cent since my last count in February.

The totals are given in the bottom line of the accompanying table. It also provides a warning against reading too much into the favourable recent turn of events, by showing that the total last month was nevertheless nearly 26 per cent higher than it was in April 1981. But even that is relatively mild by comparison with the 117 per cent increase between the Aprils of 1980 and last year.

Despite the overall drop, unemployment has continued to rise in half of the particular categories of job covered by the table. These are confined to the categories in which at least 1,000 experienced staff are registered as jobless.

	Number registered unemployed April	Number registered unemployed February	Change %	Number on register April 1981	Change %
Teachers	20,989	22,339	− 6.0	15,550	+35.0
Draughtspeople	3,630	3,857	− 5.9	3,329	+ 9.0
Personnel staff	2,431	2,522	− 3.6	2,029	+19.8
O&M staff and statisticians	1,872	1,939	− 3.5	1,602	+16.9
Engineers and technologists	9,127	9,324	− 2.1	7,335	+24.4
Chemists, physicists	2,087	2,127	− 1.9	1,577	+32.3
Technical and scientific support staff	8,384	8,526	− 1.7	6,605	+26.9
Estate agents, etc.	2,549	2,592	− 1.7	1,881	+35.5
Social and health staff	5,802	5,868	− 1.1	4,008	+44.8
Accountants	4,467	4,477	− 0.2	3,519	+26.9
Production managers	6,545	6,542	—	5,643	+16.0
General managers	2,864	2,861	+ 0.1	2,610	+ 9.7
Administration and other non-production managers	26,822	26,737	+ 0.3	21,573	+24.3
Town planners and architects	1,028	1,023	+ 0.5	759	+35.4
Purchasing staff	2,588	2,572	+ 0.6	2,209	+17.2
Sales and marketing staff	17,500	17,384	+ 0.7	15,042	+16.3
Data-processing staff	3,638	3,583	+ 1.5	2,552	+42.6
Estimators, etc.	1,758	1,710	+ 2.8	1,345	+30.7
Library, art gallery staff, etc.	6,453	6,232	+ 3.5	4,995	+29.2
Aircraft and ships' officers	1,490	1,206	+23.5	885	+68.4
All higher-grade unemployed	136,017	137,444	−1.0	108,256	+25.6

When this column's last check was printed on February 25, there were 21 job categories in the table. Now there are only 20. That is because the number of unemployed biologists fell by 2.4 per cent to only 993. Among the other categories with between 500 and 1,000 out of work, surveying showed a fall of 0.9 per cent to 759 and company secretaries one of 0.8 per cent to 529. But other legal services staff just missed qualifying for inclusion in the table by registering a 2.5 per cent rise to 997.

After sales

RECRUITER John McLaughlin of Larkfield Personnel Selectioo seeks a client services manager to cover Europe for a United States group with a $450m turnover in hardware and software for computer-aided design and manufacturing (alias CAD/CAM). He may not name the company and so, like the other consultants to be mentioned later, will abide by any applicant's request not to be identified to the employer without further notice.

Expansion in Europe figures greatly in the U.S. group's plan to increase its turnover in computer technology to $1bn by 1985. And the new manager, who will be based in "southern England" and report to the director of client services in the States, will be responsible for setting up and running a comprehensive after-sales service on this side of the Atlantic.

Initial tasks will include recruiting support staff, deciding what levels of stock the European operation needs to maintain and so on.

Candidates need to be abreast of latest developments in computer technology, and to have shown over at least three years ability to manage a buyer-services operation, preferably in CAD/CAM and including specialists both in hardware and in software. Experience in dealing with other European countries is also wanted.

The salary indicator is £18,000. Other benefits negotiable.

Inquiries to Mr McLaughlin at 55a Northbrook Street, Newbury, Berkshire RG13 1AN. Telephone 0635 48709.

Rare seller

FOR MONTHS, apparently, consultant James De Sium of IPP Marketforce, has been trying to find someone capable of earning within a year the sales and marketing directorship of a British group's subsidiary specialising in computer systems for banks. But nobody he has yet seen matches the company's requirement for a combination of high-level contacts in banks, in the City and overseas, knowledge of their needs of communication systems, plus success in sales and marketing in the computer field.

The salary indicator is £18,000-£25,000, but I gather that the recruit would be expected to earn bonuses bringing the total up to about £40,000. The base is London.

Knowing of the brilliance and versatility of Jobs Column readers, I feel sure that one or more of you would be able to lighten Mr De Sium's life by contacting him at 20 Kensington Church St., London W8 4EP; tel: 01-938 1804, telex 24304.

Euro mergers

KEN ANDERSON seeks a senior consultant to advise clients of the London branch of a New York bank, mainly on mergers and acquisitions in European countries, but also on international treasury management and private financings. Talent for public speaking in at least French as well as English is wanted, as well as thorough experience of handling mergers and acquisitions throughout Europe for an international or merchant bank.

The newcomer will spend six months in New York and will thereafter travel regularly to the Continent from the City base.

Salary at least £20,000, usual banking perks.

Inquiries to Anderson, Squires, Regina House, 1-5 Queen St., London EC4N 1FP; tel. 01-248 7421.

مكنه من الأصل

European Financial Management

Our client is the European subsidiary of a major international telecommunications and electronics group. They have operating companies in the UK and eight other European countries.

Reporting to the Director of European Finance, the role will include developing and implementing financial control systems, management and financial audit, profitability analyses, contract reviews, asset management and country business studies. Extensive European travel will be involved.

Candidates should be aged in their early 30's, qualified accountants, familiar with American accounting requirements and highly numerate. Working experience in Europe is essential as is fluency in English and at least one other European language. The appointment is seen as a two year assignment with excellent promotion prospects thereafter.

Based Home Counties, salary depending on experience in the range £17,000–£20,000.

Please reply in complete confidence quoting reference 1308 to David Thompson who is advising on this appointment.

Odgers MANAGEMENT CONSULTANTS
Odgers and Co Ltd, One Old Bond St, London W1X 3TD
01-499 8811

ACCOUNTANT — OVERSEAS TRAVEL c. £12,500

Our cliant is seeking a qualified accountant with some commercial experience to assume a responsible position in their operational audits department. It Is envisaged that upto 50% of the year may be spant on trips essessing end euditing overseas operations. Important personal attributes for this position ere; the ability to communicate easily at ell levels, supervisory skills to take charge of a department of four and detailed report writing. Age 27-35

Please contact Paul Trumble

FOREIGN EXCHANGE DEALER/S

Our client, a major name in International Merchant Banking, plens to expand its dealing operation. They need the services of experienced foreign exchenge/deposit dealer(s) to carry out this policy decision. Applicants for consideration will show a sound knowledge of dealing with a bank covering a wida spread of currencies; the possibility to specialise ia available. Salaries, of course, are negotiable and depend on aga and experience.

Please contact Richard Meredith

CREDIT ANALYSTS

We continue to receive considerable demand for well trained and experienced Credit Analysts.
These positions cover a wida ranga of banks and vary in seniority and opportunity for advancement.
Ideal candidates will have the benefit of a US credit course end be fluent in a European language.

Please contact Paul Trumble

Jonathan Wren BANK RECRUITMENT CONSULTANTS
170 Bishopsgate · London EC2M 4LX · 01 623 1266

Robert Fleming

Banking Loans Executive for City merchant bank

Robert Fleming's commercial banking activities are expanding and as a result an additional executive is required to join the close-knit team in the banking department.

There will be involvement in developing and implementing new client business both foreign and domestic as well as maintaining business contacts with the bank's existing clients. Candidates should be graduates in their 20's and are likely to have an accountancy or legal qualification. Practical experieoce in the commercial lending department of a merchant or consortium baok, preferably on the domestic side, would be a distinct advantage. Personal qualities and the ability to work with colleagues and clients up to senior levels are essential.

A competitive salary with worthwhile benefits will be offered. The bank also gives a mortgage facility.

Please write in confidence with curriculum vitae to:
Tom Phillips, Robert Fleming & Co. Limited,
8 Crosby Square, London EC3A 6AN. Tel: 01-638 5858.

CAREER OPPORTUNITY IN UNDERWRITING

Increasing business has created an outstanding career opportunity in the Financial Services Division of the American International Group in their London (City) office. The Division specialises in underwriting political risk and other financially orientated insurance covers, and will be launching an export credit insurance programme later on in the year.

Candidates will be in their early to mid twenties, possess a knowledge and an understanding of Balance Sheets and Accounts and have a university degree or similar qualification. Insurance experience is desirable but not essential. Ability to work under pressure and on own initiative is necessary.

Salary is not a limiting factor being dependent upon age, experience and potential.

Please write in confidence giving full details of education, experience, and salary progression to:
Mrs D McIntosh
Personnel Department
American International Underwriters (UK) Ltd.
2/8 Altyre Road
Croydon CR9 2LG

AIG

In Taxation, Accountancy, Law? Good communicator seeking challenging career?

ABOUT US

Not only does The Equitable enjoy the distinction of being the oldest mutual life assurance society in the world, it is recognised as one ol the fastest growing. Having quadrupled its new annual premium income in five years to £35M in 1981, it rates in that respect amongst the top ten in the UK.

It pays no commission to brokers and other intermediaries – one of the reasons why you see its policies rating so highly in the independent surveys.

The Society is geared for considerable expansion throughout the 1980's.

THE CAREER OPPORTUNITY

At each of our 21 branches throughout the country we have a team of representatives analysing clients' problems and designing solutions.

Because they are dealing with top people in the professions and commerce and industry, they need to be able to offer an in-depth financial planning service to those clients with particularly complex financial situations.

That service, which deals with aspects of personal and company taxation, investment, pensions, life assurance etc., is provided by experts from Financial Planning Units who are called in by the branches to handle the case – often in conjunction with the client's own professional advisers.

The call upon those Units is now so heavy that we require the services of additional Financial Planners – particularly in the London area.

REMUNERATION

A significant basic salary is paid and a special allowance given whilst becoming established.

In addition there is a performance related bonus system which will make a regular £20,000+ a year possible within a reasonably short time.

A car is provided together with free pension and life assurance, and eligibility for a low cost house purchase scheme.

WHO SHOULD APPLY

Numerate, commercially-orientated people who have a fairly high level of legal, financial or taxation knowledge and, vitally important, can demonstrate from their past experience that they have the style and necessary negotiating skills to deal with people in top positions.

The appointments to this exciting career will be made in September 1982 and those appointed will then undergo comprehensive training.

If you wish to be considered write a letter (in confidence) telling us about yourself and your career pattern to date. Address it to:

Myles MacCormack, The Equitable Life Assurance Society, 4 Coleman Street, London EC2R 5AP.

The Equitable Life
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4 Coleman Street, London EC2R 5AP

Senior Financial Management

Midlands

£20,000 plus

This appointment is to manage the financial function of the principal division of a substantial British group. The division has a £100m. turnover and an enviable profit record; manufacturing operations are multi-site.

As Chief Accountant, responsibility will be to the Group Finance Director for financial and management accounting with a staff of 45. Early emphases will be on the development of tighter cost controls, and on systems modernisation, associated with the introduction of new data processing equipment.

Candidates are likely to be chartered accountants aged 35 to 45 with relevant industrial accounting experience at senior level, and wide exposure to the maintenance and development of computer based accounting systems.

Starting salary £20,000 plus bonus; car and executive benefits. Relocation help. Please write – in confidence – with full career details to E. I. Clark ref. B.75232.

This appointment is open to men and women.

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Union Chambers 63 Temple Row Birmingham B2 5NS

BANKING

SYNDICATIONS

A U.K. based bank with an excellent reputation, both as an employer and a bank, seeks to compliment its existing syndications team. Recognised as specialists in this field or possibly a corporate lawyer with a leading City practice, you will preferably be aged up to late 30's and be able to display a first class career gained with prime names.

CAREER BANKERS

A leading bank based in Bahrain offers the chance of excellent career prospects to dedicated bankers experienced in credit analysis or economics. With at least 2 years experience in either of these areas, you should be ambitious and seeking a progressive career in international banking. Working conditions, salary and benefits are excellent.

CABLE DEALER

Active London bank seeks to compliment its existing team with an experienced dealer. Emphasis will primarily be spot and forward cable, and candidates must be experienced in running a position. Salary negotiable.

APPLICATIONS WILL BE TREATED IN THE STRICTEST CONFIDENCE

LEE HOUSE, LONDON WALL, EC2. 01-606 6771

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60 Cheapside London EC2V 6AX
Telephone 01-236 0640

LENDING OPPORTUNITIES

We are currently handling a number of outstanding lending opportunities with Merchant and International Banks. These include the following at junior/middle management level.

1. Graduate Accountant or Lawyer with minimum of 2 years' lending experience preferably in a Merchant Bank environment to join small team in developing the commercial lending portfolio. (Preferred age Max. 30) c £12,000
2. Business Developer, probably a graduate, with AIB and excellent background in credit analysis and loan administration to take on some management responsibilities in established Merchant Bank. Preferred age c 30. c £12,000 neg.

IN RESPECT OF THE ABOVE VACANCIES PLEASE CONTACT DAVID GROVE ON 248 1858.

Commercial Manager

Reading c.£15,000+car

Our client is a small but expanding company engaged in leasing, lease management and hire purchase. It has grown to the stage where the Managing Director needs an able Deputy to take responsibility for all aspects of financial, new business and general office administration.

Applicants, male or female aged c30/45, must have proven accounting and financial management experience, preferably gained within a finance company or similar institution. In addition to general administrative duties, specific tasks will include the co-ordination of Board reports, accounts, budgets and forecasts and implementation of computerised systems.

This is an obvious opportunity to make an identifiable contribution to business development. Future prospects in this company, which is part of an established financial group, are excellent and so only applicants of potential will be considered.

Contact David Tod BSc, FCA on 01-405 3499 quoting reference DT/538/CMF

Lloyd Management
Recruitment Consultants
125 High Holborn London WC1V 6QA 01-405 3499

County Bank Limited

As the merchant bank in a major international group, we provide an extensive range of banking, investment, and advisory services to a wide range of governmental and corporate clients throughout the world. With assets in excess of £1bn, we are one of the largest merchant banks in London and it is our aim to expand further our activities in all the markets in which we currently operate. This commitment to continued growth creates opportunities for experienced professionals and younger people with potential to join s young and progressive organisation with its eyes firmly on the future. Details of some of the opportunities are shown below:

City

International Lending 24-30

As part of the continued expansion of our international merchant banking activities, we are seeking to appoint an additional executive who will assist with the day to day responsibility for the bank's lending and acceptance credit portfolio in a specified geographic area. As the team is responsible for all aspects of lending, including syndications, candidates should have experience of country and corporate risk analysis, credit committee presentations, loan pricing and loan documentation.

In addition to the job experience mentioned above, candidates should possess a degree and/or professional qualification, together with a knowledge of at least one foreign language, and be at their best in a stimulating environment where personal initiative is encouraged.

Young Bankers 21-24

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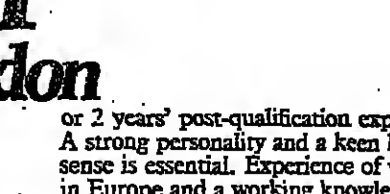

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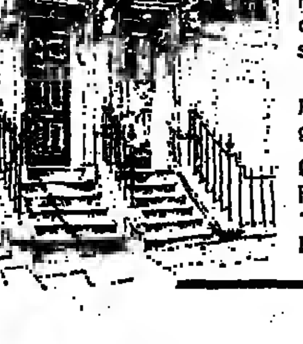

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TELEVISION

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.27-11.50 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Chock-A-Block. 2.00 You and Me. 2.15-3.00 For Schools, Colleges. 3.55 Play School. 4.20 The Drak Pack. 4.40 The Littlest Hobo. 5.05 John Craven's Newsround. 5.10 Blue Peter.

5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide.
7.00 Tomorrow's World.
7.25 Top of the Pops with Simon Bates.
8.00 It Ain't Half Hot Mum starring Windsor Davies.
8.30 Sorry! (comedy series starring Ronnie Corbett).
9.00 News.
9.25 Bird of Prey, thriller for the electronic age.
10.15 Question Time.
11.18 News Headlines.
11.20 Fame: A series of five programmes with John Pitman; 1: Trevor Lock.
11.50 So You Want To Stop Smoking.

Chris Dunkley: Tonight's Choice

BBC-2's Travellers In Time is the series which combines two of the most valuable and attractive aspects of documentary film: history and travel. Tonight's new series opens with "Everest—First Attempt." One of the climbers who stood beneath the peak of the highest mountain in the world in 1922 wrote: "Mount Everest is great and beautiful; marvelously built, majestic, terrible, a mountain made for reverence." The pioneers seen here in a classic film of early mountaineering made by Captain Noel were to get within 1,700 feet of the summit. They experimented with the use of oxygen at altitude, bivouaced in a blizzard, and suffered frostbite and windburn. Less heroically they discovered that Tibetan tea made with rancid butter tasted worse than castor oil, and that to a local headman a Homburg hat was a most valued possession. The series is introduced by Duncan Carse, Antarctic explorer, but best known for his radio portrayals of Dick Barton.

Mandy Rice-Davies makes her much-heralded appearance in BBC-1's computer-crime thriller serial Bird Of Prey, which has reached episode three.

BBC 2

6.40-7.55 am Open University.
11.00-11.25 Play School.
1.00 pm Snooker and Racing.
5.10 Berlin Siedlungen.
†5.40 Buck Rodgers.
6.00 The Great Egg Race.
6.30 I'm Sorry Mate, I Didn't See You.
6.55 Snooker.
7.05 County Hall.
7.30 News Summary.
7.35 Travellers In Time.
8.05 Snooker.
9.00 Call My Bluff.
9.30 Heart Transplant.
10.10 The Old Grey Whistle Test.
10.45 Newsnight.
11.10 Snooker.
11.45-1.30 am Newsnight—Local Election Special.

LONDON

9.35 am Schools Programmes. 12.00 Gammon and Spinach. 12.10 pm Get Up and Go. 12.30 The Sullivans. 1.00 News. 1.20 Thames News with Michael Wilson. 1.30 Crown Court. 2.00 After Noon Plus: Elaine Grand presents the third edition of Women Live. 2.45 Cribb. 3.45 The Cuckoo Waltz. 4.15 Sylvester. 4.20 Little House on the Prairie.

5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.30 Thames Sport.
7.00 Never The Twain.
7.30 Spooner's Patch.
8.00 Falcon Crest starring Jane Wyman.
9.00 TV Eye Special.
10.00 News.
10.45 Looks Familiar with Denis Norden, Beryl Reid, Jack Douglas and Bill Maynard.
11.15 Thames News Election Special with Andrew Gardner.
1.15 am Close: Sit Up and Listen with Humphrey Lyttelton.

† Indicates programme in black and white

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ANGLIA

1.20 pm Anglia News. 2.00 Not For Women Only. 4.20 Fairglace. 4.45 The Adventures of Black Beauty. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 Survival. 10.30 Snooker '82: Tolly's ...

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CENTRAL

CHANNEL

... presented by Jon Lander and Reg Harcourt.

1.20 pm Channel Lunchtime News, What's On Where, and Weather. 3.45 Little House on the Prairie. 5.20 Crossroads. 6.00 Channel Report. 6.15 The Incredible Hulk. 7.00 Benson. 10.28 Channel Late News. 10.35 Mannix. 11.30 In Concert. 12.00 Superstar ...

GRAMPIAN

GRANADA

HTV

... of a Crew. 4.15 Here's Boomer. 4.45 The Flying Kiwi. 5.05 Joblino. 5.15 Benson. 6.00 HTV News. 6.35 Crossroads. 7.00 Emmerdale Farm. 10.28 HTV News. 10.30 Flowers Dartsathlon 1982. 11.00 Lou Grant. 12.00 What the Papers Say.

HTV Cymro/Wales—As HTV West except: 9.35-9.50 am Wales and the Sea. 11.22-11.37 Yn Eu Cynefin. 12.00- ...

SCOTTISH

TSW

TVS

1.20 pm TVS News. 2.00 Not For Women Only. 5.15 Watch This Space. 5.30 Coast To Coast. 6.00 Coast To Coast (continued). 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 In the Mouth of the Dragon. 11.00 Strumpet City. 12.00 Company.

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BUSINESS LAW

How not to enforce competition

BY A. H. HERMANN, Legal Correspondent

The Lords find EEC delays horrifying but the Commission insists its rules stood the test of time and need no substantial amendment

EEC practices and procedures concerned with the enforcement of competition rules were debated in the House of Lords last week. The House took note of the Eighth Report* of the Select Committee on the European Communities which presented a quite horrifying picture of the Commission's delays and suggested a number of remedies.

Introducing the Report, Lord Scarman told the House of his visit to Brussels, together with Lord Fraser of Tullybelton, another member of the Select Committee, and expressed the hope "that there is very little left in controversy." The Commission was told of the Committee's conclusions and Lord Scarman thought that its 11th Report on Competition Policy† had shown that the Commission was very much in agreement with the Select Committee's conclusions.

It is good to hear that, at last, the Government is turning its attention to practices which have not only proved to be a pain in the neck of most of the large European companies, but have also frustrated an efficient application of the EEC competition policy. However, it would be wrong to assume that paragraphs 14-28 of the Commission's report are much more than an attempt "to allay the principal apprehensions which have emerged in (the Commission's) talks with interested parties." The Commission insists that both the substantive and procedural rules "have stood the test of time and do not require any substantial amendments."

The greatest problem of EEC competition policy — and probably the main reason why it is not taken seriously by the overwhelming majority of medium-sized and small companies—are the Commission's delays in dealing with the notifications of suspect agreements. A restrictive agreement, or one which is connected with abuse of market power, must be notified to the Commission if it is likely to distort competition in the Common Market and affect adversely trade between member states.

These terms were so extended by the case law that many thousands of agreements fall into this category each year. If they are not notified they run the risk of considerable fines, but if they are notified they are not cured of their invalidity until the Commission gives them clearance or grants an exemption.

The Select Committee found that the shortest time for obtaining an exemption was 18 months and the longest 15 years. The shortest time for a negative clearance was 19 months and the longest 18 years.

The Commission's slowness in reaching decisions is, however, quite insignificant in comparison with the fact that it mostly reaches no decision at all. To reduce the backlog of notifications, which in 1967 reached 37,000 cases, the Commission has made a few block exemptions and in other cases sent the firms "comfort" letters telling them that it does not intend to do anything. As the European Court held in the *Perfumeries* cases‡, such letters cannot be relied upon; they do not bind the Commission and do not prevent national courts from declaring the agreements invalid. Even so, the Commission reported 3,882 "live" cases pending at the end of 1981 in a year in which it reached a decision on only 11 cases.

The Select Committee suggested two alternative solutions: either Regulation 17/62 should be amended to confer automatic exemption on an agreement after the lapse of a specified period from notification—a practice which the EEC Council adopted for rail and road transport and proposed for air transport—or the agreement should be treated as provisionally exempt unless the Commission had protested within 90 days of notification.

The Commission does not even mention these proposals which could go a long way to improve the situation. Instead, it only promises to pursue the policy of the worthless "comfort" letters and to simplify exemption decisions by grouping together cases which have common features.

Another recommendation of the Select Committee seeks a remedy for the difficulties and unfairness resulting from the Commission acting as policeman, prosecutor and judge all in one. The Committee's proposal is that a high ranking official—a director—should be appointed in the Competition Department, who would come into the case only after the investigation had been completed by other officials. His task would be to preside over the final oral hearing and to draft the Commission's decision. It would also be his task to approve any dawn raids by the Commission's investigators. In short, this official should act in a quasi-judicial capacity.

The Commision seems to be set on introducing only a semblance of such reform.

The Committee's proposal that, prior to the formal hearings, there should be a less formal meeting to agree facts as far as possible and to acquaint the parties with the Commission's reasoning, is rejected by the Commission. It insists that the complicated nature of the cases requires the procedure to take place mainly in writing.

The Commission does not comment on the Committee's recommendation that the staffing of the Competition Department and its co-operation with other departments of the Commission should be reviewed. Both seem to leave much to be desired. But the Commission and the Select Committee agree on one point: in view of the complex nature of disputes involving economic analyses and the burden which results from this for the European Court, it would be good to have a competition court to which all appeals from the Committee's decisions would go in the first instance. This court would deal with questions, both of fact and of law, and a further appeal to the European Court would be only on questions of law.

The European Court made such a suggestion in 1978. In 1980 the Lords' Select Committee turned it down. It seems to be a good thing that they had second thoughts—there is at least one thing on which all are agreed.

* *Session 1981-82, Competition Practice, SO £6.50.*
† *Office for Official Publications of the European Communities, Luxembourg, 1982, £5.50.*
‡ *Cases 253/78, 1, 2, 3, 37/39.*

RACING

BY DOMINIC WIGAN

NEITHER of today's big Chester races, the Dee Stakes and the Ormonde Stakes, has proved particularly successful for Lester Piggott in the past. But the champion must be hoping matters will be better this afternoon. In the mile and five furlong Ormonde, Piggott is aboard Critique; in the three furlongs shorter Dee Stakes he is riding Ivano.

It is difficult to imagine Critique failing to beat his five opponents in the £23,000 Ormonde. Last year's Cumberland Lodge winner, a late-developing son of Roberto, proved that he will rank among the best middle distance horses in Europe this season by his tremendous effort at Newbury last month.

Critique was sent after the leaders in the final three furlongs of the John Porter and found no difficulty in closing on such rivals as Glint Of Gold and Centroline to deliver a challenge inside the distance.

His effort almost succeeded; only in the final strides did it become clear that he was getting the worst of a struggle with last year's Derby runner-up Amyndas.

With the form of that race having been given a healthy boost through Glint Of Gold's narrow failure against Ardross at Newmarket, the one doubt surrounding the outcome this afternoon centres on Critique's ability to get a mile and five furlongs in as fast a run race as that seen at Newbury.

The distance could present problems but it seems unlikely that deficiency in stamina will prove Critique's undoing in view of his breeding and the way he finished at Newbury.

James Bethell's Lord Wimpey almost succeeded in making every yard of the running over six furlongs at Epsom recently, and he looked well worth an interest over the minimum trip and from a favourable draw in the Oulton Handicap.

CHESTER
2.15—Lady Muskoka*
2.45—Critique
3.45—Ivano
4.15—Lord Wimpey***

SALISBURY
2.00—Dev
2.30—Portogon**

THE MANAGEMENT PAGE: Marketing

EDITED BY CHRISTOPHER LORENZ

Marathons put pace into the running market

BY IAN HAMILTON FAZEY

WHEN more than 16,000 people set off this Sunday on the 26 miles 385 yards of the second Gillette London Marathon there will be rather more at stake than who, among the top athletes, wins or how many lesser mortals in the pack beat four hours.

For the London marathon is already the greatest promotional event for running in Britain. Last year's caused a nationwide surge in numbers of people jogging. The market that has suddenly opened up as a result has caught even the most optimistic by surprise.

How big that market will become defies answer. What is known is that two years ago in Britain there were 21 marathons. Last year there were 54. This year there will be at least 106. Not all of them will be jumbo events like London's but conservative estimates are that at least 100,000 people will run a marathon in Britain in 1982, each paying an average entry fee of £4.

That 100,000 figure is the first clue to the size of the new running mass market. Consider kit. Marathon running is not a matter of buying shorts, vest and a pair of pumps. It requires months of training, many miles of running and more running, built up day after day, week after week, in all weathers. A 12-mile run on a sub-zero winter Sunday will see the runner kitted out in warm tights or tracksuit bottoms, shorts, shoes, socks, a long-sleeved tee shirt, a warm top, a light waterproof top if wet, gloves and a woolly hat. That little lot will cost at least £50, allowing for cheapish shoes at £25.

Indeed, given wear and tear and washing, the runner will need two pairs of shoes a year, a couple of pairs of shorts, several vests and/or tee shirts, half a dozen pairs of socks (sweaty, unwashed or darned socks cause blisters on long runs), gloves, tracksuit, tops, and warm tights or longjohns. Some items may well last a couple of years or more but others will be discarded through wear or as fashions change. This wardrobe will cost around £125, and twice as much if an expensive tracksuit or shoes are chosen.

This year's 100,000 marathoners, therefore, may have spent at least £12.5m on kit in getting to the starting line. They, however, are only the tip of the running iceberg. To have got to this stage, most will probably have been jogging, then running for a couple of years or more while making up their minds about building up to a marathon. The final trigger may have been last year's London marathon—there were 70,000 applications for this Sunday's event. Others will have taken up jogging as a result of seeing that very ordinary folk can train and "beat the distance." So numbers of runners are probably at least 300,000 and may well exceed half a million.

Scientist

The new market will make many fortunes. A likely big name for the future is Ron Hill, who is already a big name as a marathon runner. Hill, now 43, used to work for Courtaulds as a textile chemist, in which field he has a Ph.D. Apart from world class performances that made him European and Commonwealth marathon champion in the early 1970s, he brought the mind of a highly educated scientist to his sport, developing, among other things, a special technique by which marathon runners could combine training and diet in the last few days before a race to increase temporarily the amount of chemical energy stored in the muscles.

He also designed and race-tested shorts and mesh vests that helped marathoners stay cooler longer and began his business career with a mail order line in them, which he ran from home in the evenings. The success of this eventually enabled him to move full time into Ron Hill Sports, a wholesale operation, and a retail and mail order arm, Runnning Wild.

With five shops in Greater Manchester, a flourishing mail order catalogue, 20 per cent of his wholesale business going to export, and licensing arrangements about to be signed for the lucrative American market (80 per cent of American runners polled by market researchers knew who Ron Hill was). Hill says that sales growth is moving expotentially. Last year's turnover was £350,000. "We expect to do £750,000 in the next 12 months," he says.

Where he and mail order rivals like Bourne Sports of Stoke-on-Trent score is in economy of scale, particularly in being able to afford to carry large stocks. In contrast, the average high street sports shop, not part of a chain, is going to struggle, particularly in shoes. Hill's catalogue illustrates 85 shoes and he maintains that a stock of up to 40 of each in varying sizes is needed to provide reasonable service. With shoe prices ranging from £10 to nearly £55 and most in the £20-£35 range, it is easy to tie up £100,000 in shoe stocks alone.

That can only be sustained through brisk turnover, which in turn means sales promotion and advertising to the trade and the running public, through the running press.

Here, what happened to Stonehart Publications' magazine Jogging, launched in March 1979, is yet more evidence of the running boom.

After 15 months and 15 thin issues it was re-launched as a thicker bi-monthly called Running. By March this year it was a monthly again, pagination had doubled to 100—half advertising — and was selling 70,000 copies at 75p.

Editor Andy Etchells, an Oxford graduate whose personal marathon best is 2 hrs 29 mins, went straight to the publication after post-graduate work at Loughborough. He says: "The market is mushrooming. There has been a large growth in numbers of events, many of them to raise money for charity through runners being sponsored. In fact, the charity boom has probably hardly yet begun."

If U.S. experience is anything to go by, the running boom has a long way to go yet before the market stabilises. There, surveys show that there are at least 25m runners—proportionately, that would suggest a potential British market of more than 6m people — and there are more than 500 marathons a year.

The market is not just about clothing. Cassio's "Jogging" watch, for instance, is a fascinating example of lateral thinking. It costs less than £20 and uses existing microchip technology to give the runner a wrist-borne computer. All the runner has to do is program in stride length and desired pace in minutes per mile. The watch can then be set to bleep to the runner's steps. It also computes distance run, strides taken, and speed, and works as a calculator, multi-function stop-watch, and alarm clock. It is also a time-piece.

Repels rain

Also on the market are peppermint foot lotion, confidence-boosting hypnosis tapes, fat-measuring calipers, electronic instruments to monitor the pulse rate and thus assess training effectiveness and, from the U.S., an ultrasonic device to frighten off dogs.

There is a growing market in books on running and in training manuals. Nutritionally, there are specially formulated sports drinks which replace minerals, electrolytes and other chemicals depleted during running.

In the clothing field, technological advances include Gore-Tex fabric, which lets out sweat while repelling rain. Tracksuits in this material, which several companies are marketing, cost up to £80 each.

Tracksuits generally are likely to become a battleground, with ICI Fibres not only in the lists but using Sebastian Coe as a latter-day equivalent of the sandwich board man.

As it is, the shoe market is running's toughest, with up to one-fifth of advertising volume in typical running magazines devoted to direct brand promotion by manufacturers.

Shoe design is, in fact, critical. A good shoe will cushion the feet against road shock and support the foot as fatigue makes muscles and ligaments start to give way. A bad shoe will let the foot twist and roll inwards so that joints, bones and muscles move out of the ideal angles to each other, eventually resulting in injury to ankles or, more commonly, to knees. Runner's knee, chondromalacia patellae, will probably become much more widespread than tennis elbow.

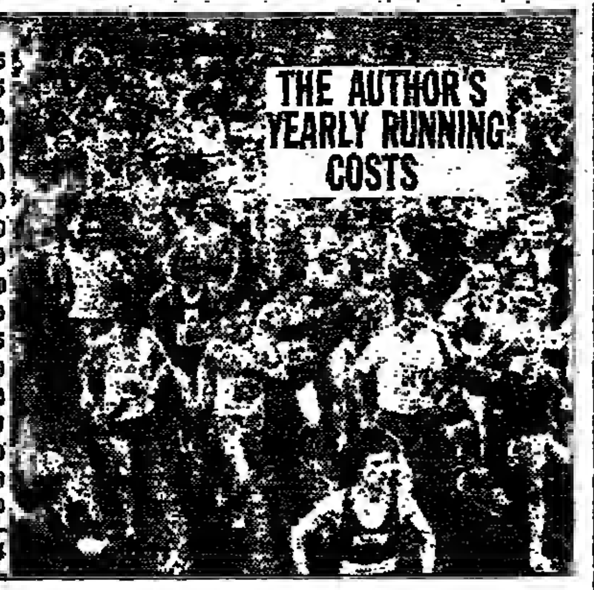
Trying to prove the efficacy of a particular design seems to be the prime function of shoe advertising, with price a secondary consideration. Dunlop is latest in the running market with a £23 marathon shoe. This is the cheaper end of a market where Saucony's top model costs £54.50, New Balance's £44.95, Nike's £39.95 and Adidas's £37.99. Since most runners agree that footwear is one area where they cannot afford to be tight-fisted, some may consider Dunlop's new shoes, and the host of others in that price range, too inexpensive to risk, despite their qualities.

Injuries will probably happen anyway through cumulative over-use of the joints and muscles in marathon training, where 40 miles a week is a minimum level. Why increase the risk by skimping on shoes? As it is, the realistic would-be marathoner should also budget for physiotherapy and maybe consultation with a foot specialist who can advise on shoes and gait-correcting inserts if needed.

Sports medicine, in fact, seems to be one area that has not yet woken up to the profitable potential of the running boom. As more people run and more get injured, it surely will. A private sports injuries clinic in a large population centre could probably make a fortune. Just watch the ads in the running Press.

Ian Hamilton Fazey, 40 this summer and a London marathon reject, made his debut at the Abingdon marathon on Monday, and completed in 3 hrs 47 mins.

Shoes: New Balance 420	27.95
Shoes: New Balance 660	35.95
Tracksuit	18.00
Shorts (2 pairs)	11.00
Vests/tee shirts	12.00
Socks (6 pairs)	12.00
Winter underwear	13.00
Gloves	2.00
Waterproof top	6.00
Woolly hat	2.00
Casio watch	19.95
Books	11.50
Magazines	15.00
Shoe inserts	11.99
Physiotherapy	21.00
Ointments, rubs, plasters, etc.	10.00
Marathon entries	12.00
TOTAL	214.34



ADVERTISING

Is quality synonymous with 15% commission?

WHENEVER TWO or more advertising agency executives are gathered together, the gossip invariably turns towards which agency is pitching for which account and, more importantly, whether or not they have had to cut their commission rate in order to win it.

For an industry where most agencies will go to extreme lengths to tell you just how creative their latest campaign is—and just how effective is their media-buying prowess — the shutters come down firmly on any discussion about how much the agency actually gets paid for its efforts.

The reason for this is that the commission system of agency remuneration — which has operated in one form or another for the past 163 years—is crumbling under a number of pressures which few in the industry appear to want to face up to. In the current competitive business environment, it appears far easier to pay lip-service to the full commission sysem while clandestinely dealing on a different basis.

Into these somewhat murky waters has plunged Peter Marsh, the ebullient chairman of Allen, Brady and Marsh, and someone who is well-known in the ad world for the flamboyancy of his gestures. Marsh, however, has raised more than a few eyebrows within the industry by his latest escapade. He has just taken four-page advertisements in the industry's trade papers to nail his colours firmly to the mast of the 15 per cent agency commission rate. "We won't let it crumble," Marsh resolutely proclaims.

At stake, believes Marsh and other agency chiefs, is not simply a system which has worked well for many years but, more significantly, the whole structure of the full-service agency set-up and the level of standards it achieves.

"Nonsense," says John Bessant, director of advertising at the Central Office of Information (which spends £21m a year on the Government's advertising) and probably the chief opponent of the 15 per cent commission system. "I object strongly to the claim that you cannot get good advertising by being cost-effective," he adds.

At the heart of the row—which most in the advertising industry would admit may seem exceedingly complex to the outside world—is the commission system.

"The commission system is akin to democracy or marriage," says Marsh. "It's not totally explainable but it works."

Basically, an agency receives a 15 per cent commission on all expenditure related to the advertising by the advertiser. Where this gets confusing, however, is that this commission comes from the media end of the business rather than from the advertiser.

Supposing an advertiser wants to take an ad in a newspaper which, at the published display rates, would cost £1,000. If he bought the space himself, it would cost the advertiser £1,000—but a recognised advertising agency would only be charged £850. This is because it gets a discount of 15 per cent from the newspaper (or any other media) simply because it is a recognised agency.

"ABM won't let it crumble"

In theory, therefore, the adveriser has nothing to gain from not going through an agency—and in fact a lot to lose since agencies can offer creative flair, market research, and expertise in a wide range of services which are not open to the advertiser.

Restrictive

In practice, however, there has always been an element of financial juggling between advertisers, media, and organisations which have set themselves up as specialist media-buyers.

An attempt to change the situation was made by the Office of Fair Trading in 1977. Although most media trade bodies operated some kind of agreement covering the 15 per cent discount to agencies, the OFT initially took to task the Newspaper Society and the Newspaper Publishers Association for their restrictive agreements which, in effect, told their members to sell advertising at a discount only to recognised agencies.

Under OFT pressure, the Newspaper Society and the NPA were forced to water down their agreements to make them less restrictive—agreements which came into force in 1979. Since then the OFT has been monitoring the working of these new agreements and is currently consulting with various agencies on their effectiveness. The agreements could, therefore soon come up for a closer examination in the Restrictive Trade Practices Court—which would provide a test case for the agreements covering other sectors of the media.

Following on from the OFT's intervention, the Central Office of Information took the opportunity to announce at the beginning of 1980 that it would no longer operate on a straightforward 15 per cent commission system. Instead, it would operate on a "cost-plus" basis whereby it would pay the cost of the media with an extra fee for the agency's work.

Bessant says that, while sticking to the original decision to abandon the straightforward 15 per cent commission system, his intention now is to negotiate each advertising contract on a flexible basis depending on the work involved. He refuses, however, to give details of new accounts that have already been agreed with agencies.

Other major advertisers have taken the COI's lead and begun to put pressure on agencies to take a smaller commission (say 12½ or 10 per cent) or even work on a fee basis. (No one will admit this publicly.) Their feeling is that 15 per cent of a £1m television campaign is a lot of money for the agency to receive for the work involved.

However, Peter Marsh points out that this 15 per cent "takes both client and agency through the heights and the troughs" but only amounts to a 2 per cent profit margin for agencies.

What worries many people within the advertising industry is not that the commission system should be defended—it is, after all, an illogical and restrictive system—but that the debate is simply about cheap advertising rather than good advertising. In the final analysis, it is the effectiveness of the advertising that counts and not its cost.

Bill Claggett, vice-president in charge of advertising for the U.S.-based Ralstin Purina company, has commented: "The money we save in reducing the relatively minor amount of dollars spent in agency commission can certainly be negated by a few share points decline in the market place."

David Churchill

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THE ARTS

American Television

News instead of variety

by FRANK LIPSIUS

Cable television, the wizardry of 35 channels, has penetrated to less than 5 per cent of American households, but already the major networks have lost 10 per cent of what used to be called, redundantly, their "viewing audience." In their fear of cable, the television networks have been characteristically bold in fighting on a financial front but slow to work on their network programming. Only now is it becoming clear how the networks intend to guarantee an audience for themselves in the evenings of the future.

Moving on the financial front first, the networks showed just how nervous they were by starting their own cable networks to produce "cultural" programming in competition to themselves. They also conjured up new subsidiaries to make and distribute films and even put them on tape and record so that people can watch them at home.

The early moves showed that the networks were willing to face a world beyond their near monopoly of American entertainment. Now, when they are finally getting round to the changes and sprucing up needed at the networks themselves, it is clear that they are almost willing to abandon entertainment altogether. Instead, the networks are concentrating on their news programmes, a small but more influential segment of the viewing spectrum which the networks can easily dominate with their foreign bureaus and international standing. While entertaining America has become an *increasingly* expensive and unpredictable enterprise, news is becoming more popular among audiences which, after all, have lived for a whole generation now with the infernal sitcom laugh track.

The American afternoon newspaper has disappeared in the face of competition from the televised evening news, which is watched, on one of the three networks, by 60 per cent of the American population. And not just old and venerable institutions like *The Bulletin* in Philadelphia have been hurt by television news. One of the medium's own institutions of more recent vintage, Johnny Carson, has lost his dominance of late-night television to *Nightline*, an ABC programme that was started as a daily update of the Iranian hostage crisis. Its host, Ted Koppel, has proved to be a new media star with his penetrating and quick questions delievered in a no-nonsense deadpan voice. With the end of the hostage crisis, *Nightline* has adopted a unique format of devoting half an hour to some topical subject that does not exclude foreign affairs but concentrates on such domestic issues as air safety, combining eyewitness accounts of crashes like the recent one in Washington with expert opinion, or gun control as reported from the first city in America to ban handguns.

Nightline is but one of ABC's successes in the new competition in news coverage. The fight came out into the open a year ago when Walter Cronkite retired from *The CBS Evening News* and took with him the network's dominance of the rates. In losing Cronkite's avuncular and gravelly voice, CBS made itself vulnerable to the showmanship of Roone Arledge, the ABC executive who was promoted from head of sports to head of news in order to make the network more competitive.

Though he failed to get any major names from the other networks, Arledge is credited with forcing the competition to promote those whom he was after, including Dan Rather, who became the new anchor on *The CBS Evening News*, and Tom Brokow, who was moved up from NBC's successful morning programme *Today* to become an anchor at their evening news. In all the jockeying, the news itself might have been *ignored*, at least judging from evidence supplied by The Media Institute, which issued a report claiming that the networks are far too satisfied to use just Government sources for their stories.

ABC at least, has led the way in the use of graphics to illustrate economic news, having a long succession of short news segments, and promoting the news on other shows and in other media. While Cronkite was delivering the CBS news, ABC's "three-headed monster" was laughed at, especially for the awkwardness of having the anchor in Washington introduce the one in Chicago and then the other *in London, who then* introduce the on-the-scene reporters. The large number of stories covered now overcomes that objection and ABC is forcing the other networks to take stock of the way they too can innovate.

Robert Hardy and Sian Phillips

Mermaid

Dear Liar

by B. A. YOUNG

Jerome Kilty's reconstruction of the guiltless affair between Bernard Shaw and Mrs Patrick Campbell is good stuff for two popular players to show themselves off in, and Robert Hardy and Siân Phillips, fresh from *The Wilderness Years*, are popular indeed. The material comes from Shaw's letters, which Mrs Pat saved in a hatbox when her home was threatened by the German army, and from Mrs Pat's own letters in reply. Both wrote marvellously well on their form. Shaw's description of his mother's cremation is one of the masterpieces of our literature. Where the letters won't suffice, Jerome Kilty has added suitable narration.

The players in this production, directed by Frith Banbury, wisely do not impersonate their originals. Miss Phillips might do so very well, and indeed in the beautiful costumes designed for her by Bob Ringwood, she could easily be an Edwardian beauty. Mr Hardy is the wrong shape, though. He reminded me more than anything of the pictures of W. C. Macready.

His voice is inflected with a touch of the right kind of Irish accent; either it were thin during the evening, or I got too used to it. Neither does much real acting beyond the necessary holding of the mirror up to nature. I hoped that Miss Phillips would doff the cloak she wore in the first act and let us see her arms, so that I could understand why Joyce wrote in *Finnegans Wake*, "She rounded her mignons arms like Mrs Cornwallis West"; but she maintains her elegant charm without doing that.

Kiev Opera in Wiesbaden

by ANDREW CLARK

There has been a welcome rarity value about this year's May festival at Wiesbaden. The Staatstheater is being treated to a house production of Hindemith's *Mathis der Maler*, and the Teatro La Fenice from Venice is bringing some unusual Italian repertoire.

The visit by the Kiev Opera, however, has been the most eagerly anticipated of all, with works by Lyssenko, Mussorgsky and Shostakovich. The Ukranian company has a long and distinguished operatic tradition—yet the opening night's performance of *Katerina Ismailova* never quite matched expectations. The production, like that of *Khovanshchina*, by Irina Molostova, had an old-fashioned simplicity and directness which played up the natural satire in Shostakovich's handling of character stereotype—particularly in Katerina's twisted father-in-law, the vulgar priest and comic policemen. But it shirked from dealing in depth with the issues of character relationships, motivation and private emotion, that provide the starting-point for the drama, and even Katerina, sung by G. Zipola with conviction and grace, if not always with accuracy and beauty, emerged too much as a typecast.

The symbolism that did filter through—a benchrest for Katerina in the shape of a crucifix in the last scene, for example—seemed about as flimsy as the four-cornered brown stage panel which was adapted to serve as courtyard, bedroom and banqueting hall. One longed for some flair and imagination in the scenes of violence and eroticism, which the Soviet company portrayed with all the stilted colourlessness of a lecture in ideology. And with badly over-made-up faces and self-conscious acting (though, fortunately, little of the famous East European vocal shrillness), the singers were in danger of appearing like animated wax models.

If the production sold the work short in its visual, intellectual and dramatic potential, there were plenty of solace to be found in the consummate skill of the Kiev State orchestra and chorus. The chorus's precision and disciplined harmony gave it the force of a single character, quick-witted in the wrestling scene, full of moving solemnity in the convicts' march. Stepan Turtschak's conducting made strong references to the Slav ancestry of Shostakovich's score. There was spikiness and savagery in ample proportion, and the orchestral interludes, played before a blackened stage, were a virtuoso performance in themselves. Instrumental ensemble was immaculate, and lent much-needed dramatic thrust.

For all its weaknesses, this production still succeeded in revealing the genius of a 26-year-old composer, proving that the opera's continued rarity value in the West since its revision over 20 years ago is unfair—to audiences, performers and to work itself.

Festival Hall

London Philharmonic

by DAVID MURRAY

Klaus Tennstedt has already conducted the L.P.O. in performances of all Mahler's odd-numbered symphonies, in concert and on *EMI* records, and seems now to be working through the even-numbered ones. No. 2, the "Resurrection" Symphony, has just appeared on record, and last night we heard the gentler Fourth. For a long time the Fourth was the *only* Mahler symphony played at all often in Britain, thanks to its relatively modest dimensions (both of length and of orchestral forces)—it was even suggested that the Fourth was the only one not crippled by Mahler's un-British penchant for "excess," easy to believe while the others went unheard. Tennstedt's lovingly detailed reading both confirmed the view that the Symphony is a peculiarly central Mahler work, and insisted that it occupies an odd and special place of its own.

On the one hand, it is full of quintessential Mahler turns, instantly recognisable phrase-shapes and cadences that reach as far back as the earliest *Wunderhorn* songs and look ahead clairvoyantly even to the Ninth Symphony. Such moments sprang up continually in this LPO performance, not because Tennstedt emphasised them unduly but because *all* details were so vividly characterised: it was like being escorted through Mahler's private treasury. On the other hand, the whole Symphony breathed the specific air of a child's wonderland—playful, innocently serious, rich in elvish jokes and surprises and hints of nightmare. Tiny bits of grotesque punctuation were brightly highlit, never breaking the flow of the music because its lyrical current was so firmly directed.

Into this magical nursery-vision came Felicity Lott's melting soprano for the wide-eyed *Wunderhorn* Finale, neither mock-naive nor with any unwelcome sophistication. Tennstedt made unusually much of the frankly carnivorous delights of the heavenly picnic she described. For a work so familiar, the consistent freshness of this performance was remarkable (and hardly smudged by an untoward number of instrumental fluffs). No so ingeniously refined as Abbado, nor so soberly radiant as Horenstein; Tennstedt, took another path, and found homely enchantments all along the way. Earlier he had conjured up moonlight and haunted whispers in Schoenberg's *Verklärte Nacht*, too—but I am obstinately loyal to the original version for string sextet, and cannot believe that the string-orchestra draft is more than a popularising makeshift.

Record Review

Two legends

by DOMINIC GILL

Toscanini: "The Man Behind the Legend"—20 records, including two integral sets, but otherwise separately available, of various performances under Toscanini 1920-53. RCA VL 46000-46024 (mono)

The Hollywood Quartet: Schubert's C major quintet; Brahms's F minor piano quintet; Dvorák's quartet in F no. 12; Smetana's quartet in E minor no. 1. HMV RLS 765 (3-disc box, mono)

The title RCA have chosen for their latest series of Toscanini reissues, a brand-new edition beautifully re-mastered and pressed in Italy, is a meaningless promotion label. Such a relatively small selection from Toscanini's huge recorded output, arbitrarily chosen, and offering no more help to the listener than a few sketchily partisan sleeve-notes, can hardly pretend to illuminate more than a tiny corner of the "legend"—composed as it is of a host of contradictory myths and prejudices.

I would jibe, too, at RCA's description of their new series as containing "the greatest Toscanini recordings." A few indeed are great: but the greatest which spring first to mind are notable only for their absence — the extraordinary account with Heifetz of the Beethoven violin concerto, the performances with Horowitz in the early 1940s of the Brahms second and Chaikovsky piano concertos, the electrifying performances from the later 1940s of Chaikovsky's sixth symphony, Ravel's *Daphnis et Chloe* suite and Debussy's *La Mer*.

Any substantial Toscanini collection, none the less, must help to dispel some of the silliest myths: that Toscanini was, for example (or that anyone could usefully deserve to be called) "the greatest conductor of all time"; or by contrast, that Toscanini's music-making was unfailingly marked by a "ruthless eradiction of all expressive sentiment" (a judgment common enough even today, repeated by David Wooldridge in his book *Conductor's World*); or that his Beethoven performances in particular were of the most prosaic and ludicrous literal-mindedness, no more than superficial virtuoso expositions of the notes of the composer's score.

The present series of reissues effectively gives the lie at least to this last calumny—for it includes the last and best of the Beethoven symphony cycles which Toscanini committed to disc between 1951 and 1953, either in sessions or (in the case of symphonies Nos. 3, 4 and 5) in live broadcast, brought together in one seven-disc box. Throughout his long career, Toscanini was, in the words of both his admirers and his detractors, a "Beethoven purist." His Beethoven crusade consisted in the single-minded pursuit of the music *as Beethoven had conceived and written it*, and in the suppression, with consuming zeal, of a century of Romantic (and especially late-Romantic) accretion.

There was nothing remotely prosaic about this mission: and indeed, as this set provides abundant testimony, it resulted at its maturest stage in some of the most searching and musically exciting Beethoven performances of modern times—more in tune, to be sure, with modern-day "authentic" preoccupations than with the contemporary spirit of the 1930s and 1940s, but rarely without its illuminations. Just occasionally a movement here and there may seem to suffer from Toscanini's fanatical observance of Beethoven's own metronome markings (now known on purely technical grounds to be frequently suspect)—but the effect, after some initial surprise, is more often powerfully convincing. The "fast" tempo for the second movement of the fifth symphony (*andante* for Toscanini meant "going, moving," and here Beethoven appends *con moto*) has by now passed into the common currency and is no longer surprising—though we can understand how audiences of the 1930s, accustomed to 20 pages of long-winded sermonising, may have felt their *sensibilities* abused.

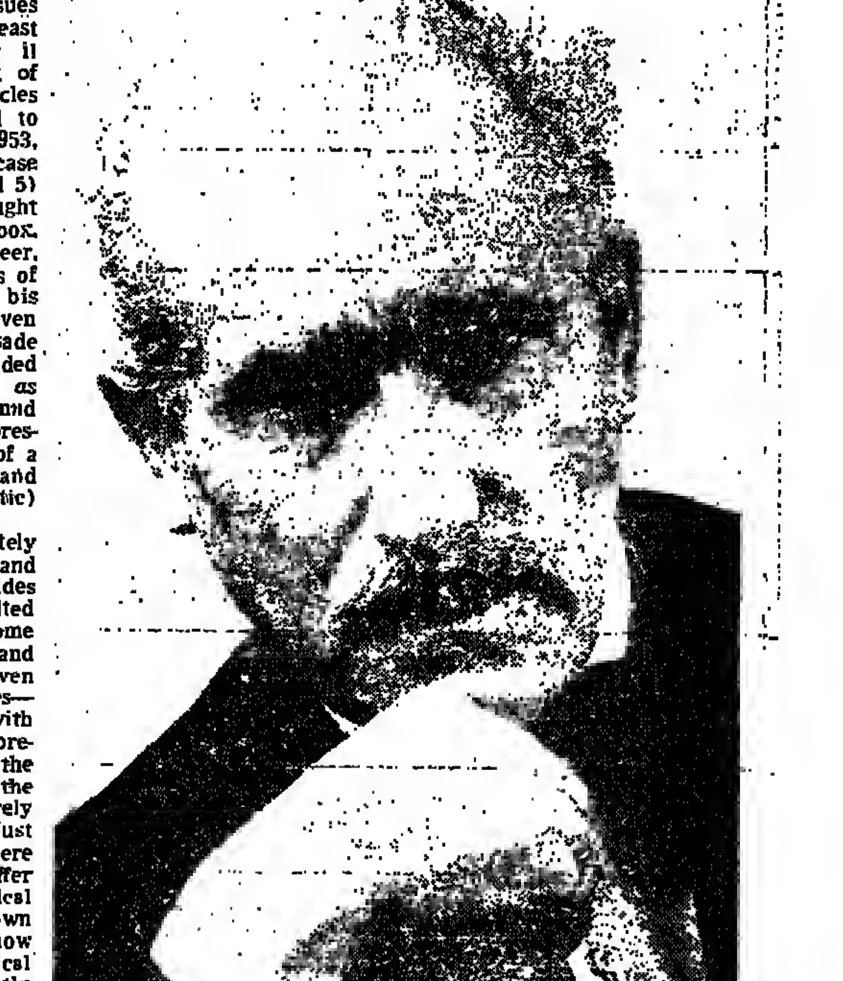
Of all these reissues, the Beethoven box is to my mind decisively the best buy (symphonies 5, 7 and 9 are also available separately, although not alas perhaps the most remarkable performance of all, a crystalline, heaven-storming Sixth). But there are other, lesser gems: among them Mozart's G minor symphony recorded with the NBC Symphony Orchestra—not, however, like the Beethoven with the same orchestra in Carnegie Hall, but in the horrible brittle, ash-dry acoustic of New York's infamous Studio 8-H, which is the chief drawback of what would otherwise be a fascinating disc, weird but refreshing, and wholly different from his highly mannered "expressionist" Mozart performances of the 1930s. A G minor symphony without a shred of sentimental indulgence, but of wonderful energy and clarity: could a conductor, even today, go so directly, with so few evident concessions to "expressive" nuance, to the heart of the music? There is a Wagner *Siegfried Idyll* also, recorded in Carnegie Hall in 1952—very late Toscanini, jubilant, luminous, deeply expressive, full of radiant tenderness.

From the point of view of sound-quality, the Italian remasterings (transferred at half-speed in the studio to preserve the information in the grooves more accurately) are certainly the best to have been made by any record company to date. All the more reason that the series should be continued.

The violinists Felix Slatkin and Paul Shure, the violinist Paul Robyn and the cellist Eleanor Aller were four principals in various Hollywood studio orchestras (Slatkin was leader of the Twentieth Century Fox Orchestra) was came together in 1948 to make another legend, the Hollywood String Quartet. Theirs was hardly as potent (or as controversial) a legend as Toscanini's; the Hollywood's lifespan of 13 years was short, and some trips to Europe during the final years did not enhance their reputation (a series of recitals at Dartington in 1957 was by all accounts a disaster), and only four years later the group disbanded). But in its brief heyday the Hollywood made a number of records, many of which immediately became classics of the repertory, and some of which, for their purity of tone and perfection of ensemble, are still unsurpassed.

One of those is certainly their recording, with the extra cello of Kurt Reher, of Schubert's C major quintet. Gratitude to EMI for the reissue is no less heartfelt for the delay: but it is incomprehensible all the same that this marvellous performance, made for Capitol in 1950, should have been absent from the British catalogue for more than 20 years. The authors of the first edition of *Record Guide* in 1952 chose it as "one of the very best in the discography of chamber music," and that judgment still stands.

Also included in this collection is their splendidly buoyant account with the pianist Victor Aller of the Brahms F minor quintet; a precise and exuberant Dvorak F major quartet No 12; and a performance of Smetana's E minor quartet "From My Life," never before issued in this country, whose vibrancy and lucid energy it would be hard for any ensemble anywhere to match. The sound-quality of the transfers is exceptionally good (unlike Toscanini, the Hollywood of course benefit from having made virtually all of their recordings in 33 rpm microgroove). The plea, once again, is for more—and not merely of the Hollywood's famous performances of the late Beethoven quartets, but also of some of the less-popular repertory they so successfully espoused, by Walton, Hindemith, Prokofiev, Villa-Lobos, Shostakovich (not forgetting a memorable Schoenberg *Verklärte Nacht*).



Toscanini

F.T. CROSSWORD PUZZLE No. 4,864

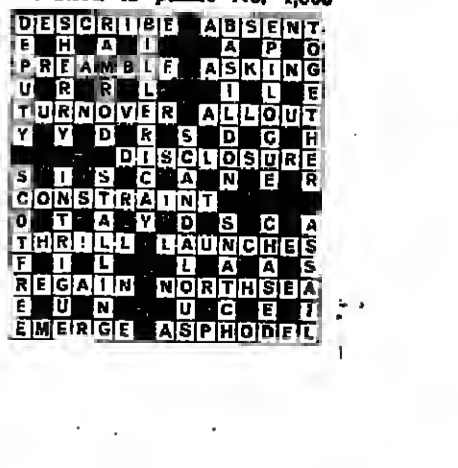
ACROSS

1 Dismissing a political faction could mean the end for one (6, 5)
7 and 28 Shakespeare's village? (6)
9 Sordid gain from cruel source (5)
10 Arrived with gunners and shot, but is reluctant to be photographed (6, 3)
11 Slick bills on one or hinder (9)
12 A company of herons throng around (5)
13 It should give many rashers, but few would eat it (4, 3)
15 Appeal out and without sex-appeal (4)
18 Handle a hard protuberance (4)
20 Sideways look with suspicion (7)
23 A long cut left in a scarf (5)
24 Draw the line at appearing in a river? (9)
26 Arousing affection like Thomas Moore's young charms (9)
27 A word of greeting briefly he will love (5)
28 See 7 Across
29 Famous imperial conference of 1521, but surely this was not on the menu (4, 2, 5)

DOWN

1 Become replete and bide with the highest speed (4-4)
2 Turn case around for a dissenter (8)
3 Female relative with her heart in French resort (5)
4 Conservative in Chinese city eating sparingly (7)
5 Note the walrus in sorrow (7)
6 Criterion for enclosures on credit (9)
7 Holds permit for processed meat (6)
8 Malicious damage from flower on border (6)
14 Die over eccentric bit of software (5-4)
16 Register trouble inside from endower with qualifications (8)
17 Liberal upsetting our genes (8)
19 Apart from injecting drug initially, it's descriptive of the doctor's manner (7)
20 Everything for example, on the right-hand page, is with brisk movement (7)
21 Bony duck to snatch . . . (6)
22 . . . and in grave authority (6)
25 Specialised skill we hear? Not at all! (5)

Solution to puzzle No. 4,863



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The real risks in Eurobanking

THE APPEARANCE of the first report from the Group of 30 on risks in international bank lending is an important symbolic events. It formalises the increasing uneasiness of the international banking community about the sovereign lending which has grown so rapidly since the first Opec oil shock nine years ago. It is reassuring as far as it goes; but it does not go far enough.

In current conditions of recession, much worsened terms of trade for many debtor countries and high real interest rates, banking worries are naturally much more pressing than when the study group started its work in 1980. Indeed, some academic specialists in monetary affairs have been talking about an imminent collapse of the banking system, originating in the Euromarkets.

Weaknesses

In purely banking terms, the new report is largely reassuring on this score: this is only to be expected, but the reassurance seems well-founded. Bankers, urged on by the central banks, have tried to exercise greater prudence since the Herstatt collapse of 1976. Portfolios are well diversified. The total of country debt looks forbidding—the nine biggest U.S. banks, for example, now hold LDC debts worth more than twice their total capital. However, much is insured or guaranteed export credit, and recent lending has been subject to IMF support and conditionality.

The report is frank about some remaining weaknesses. There is an alarming lack of reliable information about the current credit position, there was much ill-advised lending in the past in pursuit of fashion and competitive balance sheet inflation, and some small banks look vulnerable.

In the judgement of the group, the threat of default by borrowers and the threat of the failure of some banks which cannot refinance their books in the interbank market is about equal; but neither is seen as likely to initiate a chain collapse of the system. Only the collapse of a large bank or group would do that, and here the authorities would no doubt protect deposits.

Improvements are needed—more uniform prudential requirements, better debt information, and some permanent body to monitor problem cases, act as a forum, and facilitate the laborious business of rescheduling (the Group of 30 may be suspected of nominating itself for this role). Given such action, the main threat is to banking profits, not to banking survival.

So far, so good: but even if this picture is accepted as accurate, it seems to overlook the fact that international debt is not just a problem for bankers. Prudence may save banks, but leave the world impoverished.

Illusion

The very mood of caution which gave birth to this report has already had noticeable economic effects. As was shown by recent figures from Amex, including short-term country lending, there was virtually no net growth of country lending by the banks in 1981.

Most bankers believe that this source of credit is now shrinking. The totals almost certainly understate the damage. Rescheduling and distress lending diverts the flow of credit away from credit-worthy borrowers with growth prospects to maintaining a distant hope of viability in such countries as Poland. This process deflates growth more than it deflates the numbers.

Furthermore, rescheduling itself may prove in the long run to be an illusion. In an era of world economic growth and inflation and interest rates which were negative in real terms, buying time through rescheduling did help to solve problems. Circumstances favoured borrowers; now they do not.

Depressed

In short, there may still be a heavy price to be paid for the inflationary follies of "recycling," and this is unlikely to be avoided by new statistics or new committees. The urgent need is to find new sources of development capital for the credit-worthy, and to give high priority to the steps needed to reduce the present historically high level of real interest rates, which is in the long run quite unsustainable in a depressed world economy. The distinguished members of the Group of 30 are aware of these problems; their suggestions are urgently needed.

Jam tomorrow for Belgium

THE ORGANISATION for Economic Co-operation and Development has produced some good short term news for Belgium in its latest country report. The rise of unemployment may be almost errested this year: the 8½ per cent devaluation within the European Monetary System carried out in February will help the external current account: gross domestic product may increase marginally after having contracted in 1981.

The report also makes it crystal clear that what has become one of Europe's sickest economies requires a prolonged period of intensive care. That is something that the Martens Government in Brussels is well aware of. The question is whether it will be granted sufficient time for belt-tightening policies to work.

On the surface, at least, the auguries do not look too bad. The chronic tension between Flemings and Walloons are not in a virulent phase. The trade unions, though they could hardly welcome the austerity programme which the centre-right coalition has embarked upon, are relatively quiescent. The old saying that a week is a long time in politics applies with especial truth in a country where governments are balanced on a knife's edge.

Incentives

The basic problems of the economy are well known: an excessive commitment to declining industries, especially in the steel-making areas of Wallonia; the collapse of direct investment from abroad as international economic prospects dimmed in the 1970s; high unit labour costs; and a general public sector borrowing requirement that by last year had swelled to about 13 per cent of GNP.

The Government's response, requiring the use of special powers granted by Parliament, has been to try to encourage industrial investment with special incentives; to devalue and to modify the existing system of wage indexation into something close to a freeze until the end of 1982; to freeze prices; and to prune government expenditure.

This is strong stuff, and the OECD recognises that it may work, given time. What remains to be seen is whether the electorate, and especially the trade unions, will respond to the promise of jam tomorrow. Two dangerous landmarks lie ahead. Local elections are due in October. Before then, the Government hopes to have its budget for 1983 passed. For the strategy to work, that budget will have to continue along the stony road of the 1982 budget. The medium-term goal is to halve the public sector deficit, expressed as a percentage of GNP, by 1985.

The OECD report, the organisation's habitual caution notwithstanding, says openly that the budget objective will be difficult to attain. The report also raises some question about the ultimate effectiveness of devaluation. Its success would depend on the success of the necessary adjustment policies.

Unreasonable

That takes one straight back to industrial investment, the budget, with its obvious political dangers, and to unit labour costs. As the OECD points out, the price freeze and the clamp-down on wages will create problems next year when the usual catch-up effect may be expected unless controls are prolonged. In this instance the inflationary effects of devaluation will to some extent be postponed until 1983 because of the freeze.

It would be quite unreasonable to expect the consequences of years of drift to be corrected within one or two years. The demands upon the stamina of the Government therefore are great. It had every reason to offer its people at least a little jam soon in the form of added employment opportunities, if necessary on the basis of part time work.

Important

Doing so is a step towards restoring the consensus that once used to characterise industrial relations in wide sectors of the economy. That is a need upon which the OECD report keeps on harping, implying that it is a better means towards containing labour costs than the bludgeon of controls.

On a favourable reading, the coalition has begun constructing a spring board for economic recovery. But important pieces of that springboard are still missing.

THE ROLE OF THREADNEEDLE ST.

The Bank advises, but . . .

By David Marsh

"IT IS a bit of a warren," the Bank of England man murmured as he ushered out his visitor along the winding corridor, past the Principals' toilet towards the decorous figure of a pink-coated attendant guarding the entrance to the lift. "But you really must admit—it is rather a distinguished sort of warren."

The "warren" is about to have its innards renewed. The Court of Directors—the governing body which has presided over the Bank of England's affairs since its foundation in 1694—is due this month to sanction a full-scale internal refit to modernise the rambling building's heating, ventilation and electrical systems.

The job will admittedly be a big one, probably costing more than £10m. But in terms of Threadneedle Street's policy-making power, deliberation on rewiring these days might sometimes look like the limit of the Bank's scope for self-assertion.

Headed by a Governor who performs a role midway between that of a senior civil servant and a High Court judge, the Bank has always jealously clung to its position of semi-independence.

In three years of gentlemanly in-fighting since the Conservatives came to office, the Bank has emerged from skirmishes with Whitehall—for instance over the importance of an exchange rate policy—with some important rounds to its name. In other tussles—notably over debt indexation—it has been resoundingly defeated.

Overall, although her trappings may be as splendid as ever, the customary air of intellectual hauteur just as grand, the Old Lady has been dislodged from her pedestal.

Under a Prime Minister who likes to underline that she is First Lord of the Treasury as well, the Bank has come under a particular kind of personal domination from "the other end of town." There are those close to Mrs Thatcher who say, with a touch of glee, that the interest rate and exchange rate policies which the Bank puts into effect are determined directly in Downing Street.

Friction is nothing new. In the 18th century the Bank smoothed its dealings with the Government by making an annual New Year gift of 340 guineas to the officers of the Exchequer. William Pitt stopped the practice and later, during the 1790s, was at the centre of the Bank's first major Prime Ministerial clash, over the financing of the war with France. In 1917 the Government threatened to take away its account. And in 1976, Labour's National Executive Committee proposed that the Bank should be properly "socialised."

The Old Lady was nationalised only as late as 1946. In some ways, the relationship with the state is still that between carping banker and powerful, somewhat neurotic client. Mr Denzil Davies, a Treasury Minister under the Labour Government, summed up six years ago where the power lies: "The Bank advises, but it is Government who decides."

It is ironic that, over the past few years, the advice has been increasingly disregarded—by a free-market Conservative government, on the face of it ideologically much closer to the Bank than its predecessor.

Doubly bruising to bank egos, the Conservatives pledged before the election to give the Bank "a more independent role."

That plan was dropped after the summer fiasco two years ago when sterling M3, the Government's chosen indicator of the money supply, jumped sharply after the ending of the "corset" controls on the banks. The episode led to a sharp cooling of relations between Mrs Thatcher and Mr Gordon Richardson, the Bank's governor.

Mrs Thatcher's free-market feathers were also ruffled when, in the take-over battle for the Royal Bank of Scotland, Mr Richardson supported a "British solution" that would preserve the Bank's authority over the banking system.

Mr Richardson, whose second five-year term ends next summer, is also notoriously prickly in his dealings with the Treasury. One Whitehall view is that when something is delayed on the monetary front, "we don't know whether it's just the Bank being slow—or whether the Governor is upset."

When under pressure, the Bank tends to fall back on a worldly, somewhat smug view of its role as anchor to the economic ship of state — an attitude which, because they know it irritates Whitehall, Bank officials tend not to broadcast too loudly.

Domination from 'the other end of town'

The theme is that governments may come and go with their simple-minded notions and monetarist fads but the Bank will always be there. As one official put it: "Labour didn't take sterling M3 seriously. Now it's the other extreme."

Differences of style underline the divide. Bank economists tend to work out their sums in an atmosphere of polished Chippendale; Treasury officials are more accustomed to civil service tin desks. The Governor is chauffeured in a green Rolls Royce; Sir Geoffrey Howe gets a Rover from the Whitehall car pool. Mirroring the general differentials in pay, Mr Richardson earns £52,000 a year; Sir Geoffrey £36,000. (By comparison the chairman of Barclays, Mr Timothy Bevan, earns £106,000.)

Conditions even for humbler Bank employees have improved a good deal since 1767 when one of its clerks was hanged for filing down gold guineas. Treasury officials sometimes resent the fringe benefits like cheap mortgages and high quality food available to their Bank counterparts. "But," one Bank official rejoins simply, "they have more power." To drive the point home, Treasury-Bank meetings nearly always take place in Whitehall.

Partly as a result of evolution in government, partly because of the increasing complexity of the financial world it oversees, the Bank is moving into new areas. A combination of recession at home and serious debt problems in international banking heightens the need for a strong supervisory role.

Links with industry have been quietly expanding. Bank officials make regular visits to companies around the country. The presence of industrialists on the Court of Directors "keeps the Governor in touch with industry," according to Sir Hector Laing of United Biscuits, one of the company chairmen who sit on the Court.

The Bank increasingly provides its "good offices" to mediate between creditor banks and companies hard-hit by recession. "The Bank played a most valuable contribution by acting as a catalyst which promoted concerted action," says Mr Michael Bird, chairman of the UK arm of Massey-Ferguson, of the Bank's role in the company's UK debt refinancing last year. That was one of the Bank's success stories; Laker and Stone-Platt were two Bank "cases" which failed to pull through.

Abroad, the Bank has always been more highly regarded than at home. Well thought of on the international circuit, Mr Richardson has become the informal "spokesman" of major central banks in dealing with the U.S. Foreign bankers say the Bank compares favourably with other central banks in its relative lack of bureaucracy.

Its reputation for even-handedness enabled the Bank to play a key role in the U.S.-Iran hostage crisis. The Bank was discreetly critical of some aspects of the American blocking of Iranian assets. Now after the freezing of Argentina's dollars in London, the Bank has been obliged to support national policy — but in way which has earned the approval of most international bankers.

In its own backyard, the Bank's pivotal influence is, however, under challenge. The big clearing banks, which for so long have dutifully channelled their communications to government through the Bank, have begun to look for a more effective strategy.

Aware that political power—and, all importantly, given the Chancellor's latest two Budgets, the power to tax—resides very firmly in Whitehall, the banks have been trying quietly to bypass the Bank and forge their own links with the Treasury.

Bank officials often play down wrangles with the Treasury as points of nuance. Yet on most of the burning questions of monetary technique—which are more than mere technicalities—there has been disagreement.

The Bank opposed the Treasury's decision in 1980, under its Medium Term Financial Strategy, to set fixed monetary targets for more than one year ahead. There was considerable rejoicing in Threadneedle Street when this part of the strategy was made more "pragmatic" in this year's Budget.

At the same time, however, the Bank suffered its strongest rebuff. Overruling the well-publicised objections of Mr Richardson, Sir Geoffrey Howe in the Budget carried out the furthest-reaching indexation move of any western government by lifting all restrictions on index-linked gilts.

Over the setting of interest rates, the Bank won what looked like a symbolic victory last summer when it fought off the attempt of Mrs Thatcher's economic adviser, Professor Alan Walters, to move to a full-scale monetary base system for controlling the money supply.

The Bank has nominal day-to-day freedom to regulate money market interest rates within an undisclosed band set jointly with Whitehall. But the whole operation is very closely monitored from the Treasury, which has built up a duplicate money market department—complete with direct telephone lines to the Bank and its own electronic video screens—to keep its eye on Threadneedle Street.

The Bank has succeeded in shifting the Government towards a more overt exchange rate policy since last year's sterling fall. But since the Treasury actually owns the reserves, the Bank's currency intervention is closely controlled. Under Mrs Thatcher's free-marketeers, only "smoothing" operations are allowed—as Treasury ministers such as Mr Nigel Lawson have occasionally bent Bank ears in pointing out.

The Bank does not regard intervention—or membership of the European Monetary System—as a panacea. But its philosophical leanings in favour of a "hand on the tiller" to control fluctuations are summed up by a senior Bank official, using the nautical metaphors often employed in Threadneedle Street to express shades of disagreement with Whitehall: "Foreign exchange dealers are not deep-sea trawlers. They are in-shore fishermen. They like to see land on either side."

The fall in the Bank'a foreign exchange activity—and the loss over the last few years of senior personnel—has diminished the stature of the Bank's dealing room in the eyes of the City.

There are other areas where it is sometimes regarded as out of touch. Clearing bankers still use words like "appalling" to describe the Bank's proposals on liquidity requirements for banks drawn up two years ago. These were quickly modified after the banks complained the rules would drive business from the City.

Especially when it is operating on behalf of the Treasury, the Bank hides behind secrecy. Even some foreign central bankers complain that the Bank plays its cards too close to its chest during routine daily foreign exchange consultations.

Intervention figures were last published (once) 10 years ago; the Governor's visitors are rarely revealed (an exception was made last year for Nancy Reagan); the Bank's independent GNP forecast is kept secret for fear of upsetting the Treasury (actually it is predicting 1 per cent growth this year, only slightly less than Whitehall); the Bank's three press spokesmen are never meant to be quoted.

The Bank's quarterly bulletins have to be scrutinised for inner meanings like Chinese wall-posters. The Bank informed the public of its distaste for the Medium-Term Financial Strategy through the masterly device of never mentioning the words in its bulletins. To avoid putting views too firmly, Bank officials agonise over key sections, redrafting them up to 10 times.

The diffidence reflects the personality of Mr Richardson. Mindful of the occasional controversies which surrounded his more free-wheeling predecessor, Sir Leslie (later Lord) O'Brien, Mr Richardson never gives press interviews.

Showed a striking contrast to Sir Geoffrey Howe

Bank speech-writers know him as a meticulous taskmaster. "You've got to remember that his career started as a lawyer," says a long-time friend and banking associate. "That colours his approach to speeches, writing, documents . . . everything."

With one important section of the population—MPs—Mr Richardson's public performances have done him a power of good.

Appearing over the past two years before the Commons' Treasury and Civil Service committee, Mr Richardson showed a "striking contrast" to Sir Geoffrey Howe, according to one senior Conservative.

"The Governor treated the committee as a serious body, and responded with frankness and clarity of presentation. The Chancellor at the beginning was not at all at home with the committee and treated it as hostile — a serious misjudgment," he says.

If only he could keep up that form before Mrs Thatcher, Mr Richardson could yet deliver the last word for the Bank—by staying in office longer than Sir Geoffrey.

Bank of England doorman: "a distinguished sort of warren"

Men & Matters

Literary editor

Arts Council chairman Sir William Rees-Mogg has just completed his first major editorial task since he left the editorship of The Times.

It is a 230-page catalogue for the Bloomsbury antiquarian booksellers Pickering and Chatto which he bought a year ago and is rapidly developing into a leading international business in its specialist field.

Illumined by Rees-Mogg's own vast store of literary and historical anecdotes, the catalogue lists about £500,000 worth of Pickering's stock of rare books—priced in dollars for the benefit of the main market-place.

Pickering's has not produced a catalogue for 20 years. And since this edition lists no more than a tenth of the volumes on its shelves, Rees-Mogg intends to publish annually in future.

Current demand, he says, is for "authors of ideas"—and he offers, for example, a 1776 first edition of Adam Smith's *Wealth of Nations* for \$12,500 and, for \$21,000, the 1662 volume in which Robert Boyle announced "*Boyle's Law.*"

Perhaps the rarest book listed, however, is one of only six copies of the first issue of Richard Lovelace's *Lucasta*. Priced at \$24,500, it once belonged to the American song-writer Jerome Kern, who speculated on the stock market as well as collected rare books.

After being virutally cleaned out by the 1929 Wall Street crash, says Rees-Mogg, pointing the moral, Kern sold his book collection and recouped his fortune.

Cash blow

Even after recent releases there are still some 2,000 people remaining in Poland's internment centres.

The 160 or so at the Bialoleka prison in a Warsaw suburb, as can be imagined, have plenty of time for creative activities.

Some have turned their hand to printing bank notes. However, there is no criminal intent. The notes are being produced with the aid of lino cuts in order to add a little gaiety to a somewhat sedentary life.

The funny money does tend to annoy the prison administration. Indeed, the officer in charge of the prison has produced the notes as evidence to demonstrate that his charges are far away from mending their ways.

Each note has a picture of a tank on the back with the words "work, peace, and socialism" emblazoned around. The other side of the note has a picture of General Jaruzelski and the legend "Internees Bank."

The denominations are equally provocative to Poland's new rulers. Thirty pieces of silver make up one rouble. Two roubles are equivalent to one gold manacle.

All this unofficial initiative towards a more spirited money market is of little comfort to Poland's Ministry of Finance which is struggling against inflation and is trying to find funds to cover new imports and to service Poland's \$25bn debt.

Holy imprint

It now seems unlikely that the Pope will visit his native Poland this year. But our man in Warsaw says the Polish church is trying to salvage something by publishing a book about John Paul which was banned when the clamp-down came.

The book is described as a "calendarium" of the Pope's life up to the moment he was elected in October 1978. The 800 pages were prepared by Father Adam Boniecki from Cracow and it chronicles the Pope's doings almost day by day.

Inevitably the account includes many of the battles the Pope fought with the authorities during those years over a range of issues. Struggles with the censors over this highly sensitive work (given Poland's political climate) lasted more than a year until last autumn when permission came through for Znak, a small independent Catholic publishing house, to go ahead.

The 50,000 print run had started when martial law came into force in December. Permission for the book was revoked at once.

The authorities now show every sign of wanting to go through with the censorship cuts all over again while the church naturally wants the book to appear as written.

A possible compromise is that the book will be published as it is but the church will handle its distribution. That happened recently to an issue of a monthly magazine which printed a whole issue about freedom. The authorities felt that 15,000 copies of a philosophical monthly devoted to such an idea was not the sort of thing that should be handled by the official state paper and magazine distributors. The clergy was allowed to handle it instead.

Euro-stars

There is no heavenly answer to Europe's problems, according to Gaston Thorn, the EEC commission president.

The sage view is given in a written answer to Bristol's Tory Euro-MP Richard Cottrell, who wanted to knew whether Mr Thorn intended making further use of astrology as a means of guiding commission policies.

It was reported recently that Thorn had sought the advice of French astrologer Madame Elizabeth Teissier du Cros, although exactly what she was able to tell him has never been officially revealed.

In a tongue-in-cheek attack on the commission over delays in producing proposals to solve the EEC's budget and farm problems, Cottrell asked whether the astrologer had anything useful to say on the prospects of the commission discharging its obligations.

In an equally tongue-in-cheek reply, Thorn said: "In spite of the obvious attraction of exploiting planetary influence to overcome our current difficulties a certain amount of caution would appear necessary in the use of an astrologer in the ordering of community affairs. After all—as the honourable member will no doubt understand—the man who gazes at the stars is proverbially at the mercy of the puddles."

Turkish delight

Life under Turkey's rule of law can have its problems. One decree states that you cannot drive a car without licence plates, and so Ilnur Cevik, editor of the Daily News of Ankara, was stopped, hauled before a judge and fined the equivalent of £2 for the offence.

But, Cevik pointed out, another law says that to obtain licence plates for a new car you have to take it to the traffic police. How could he obey both laws?

The judge was just as baffled. But the Turkish bureaucracy worked out a solution. Cevik left the court, got in his car, and drove it through the back streets to a waiting, and welcoming, traffic policeman.

Observer

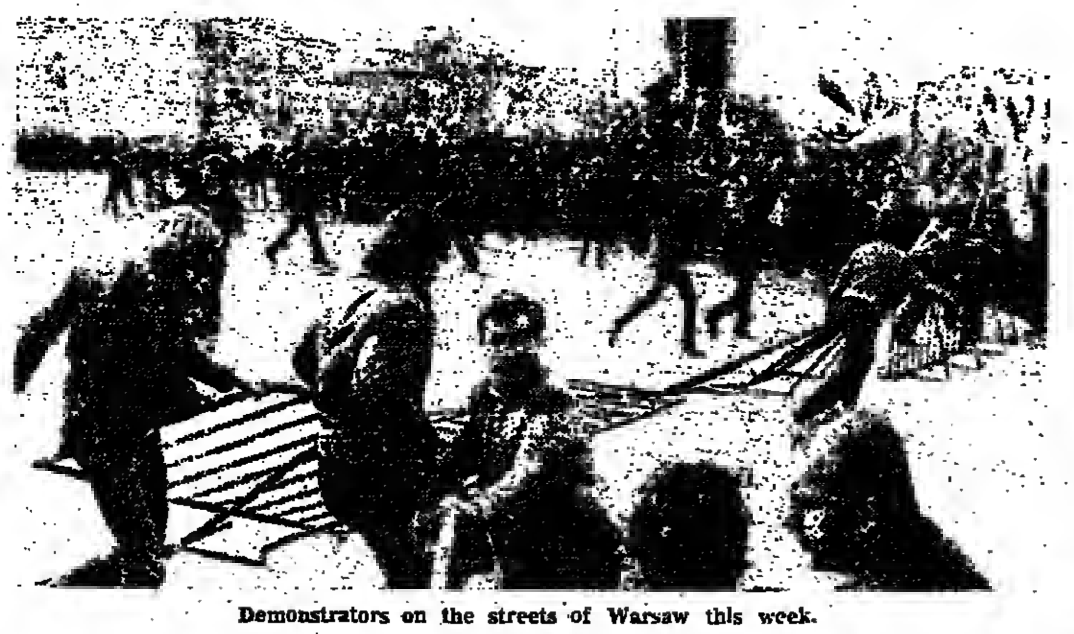
VIOLENCE IN POLAND

A bitter scent to Spring

By Christopher Bobinski in Warsaw and David Buchan in London

TEAR GAS has been the bitter scent of spring for Warsaw and a dozen other Polish cities and towns in the past five days. Extensive and violent clashes between police and sympathisers of the banned Solidarity trade union have shattered the surface calm of the past five months of martial law, and led to the detention of as many as 1,372 people and injuries to police and civilians alike.

But the demonstrations have not answered the central question raised by the much-vaunted Solidarity slogan, daubed on walls just after last December 13's military crackdown, "The winter is yours, the spring will be ours." They have merely served to underline that the imposition of martial law has resolved few, if any, of the political problems which faced the country last year.



Demonstrators on the streets of Warsaw this week.

So far General Wojciech Jaruzelski and his government do not seem to have been panicked into a return to wholesale repression.

Immediately after the worst clashes, on May 3, telephone services were cut in some cities, and the use of private cars banned. But these measures have since been rescinded, and General Cieslaw Kiszczak, the Interior Minister, has said that the night time curfew was only being reimposed at local authorities' discretion, not nationwide.

Speaking to the Parliament this week, the Interior Minister gave the impression that, after an emergency meeting on Tuesday of the ruling Military Council of National Salvation, no major policy shift is being considered. He said the clashes, whose extent he made no effort to conceal, might hold up the process of "normalisation," but would not derail what he called the military regime's pursuit of "reform, dialogue and conciliation."

Gen Kiszczak has said the protests were inspired by western imperialists anxious that war in the South Atlantic had pushed the Polish crisis out of the headlines. In fact they were a classic case of what happens when a tight lid of repression is lifted an inch or two. At the start of May, the military authorities freed around 1,000, or one third of the political prisoners it has held since December, and lifted the nationwide curfew.

Even though Mr Lech Walesa, the Solidarity leader, remains under detention, these gestures were designed as much as anything else to make an impression on public opinion in the West, where Nato governments have made the provision of new credit and debt relief to bankrupt Poland conditional on an end to martial law and internment and resumption of a proper dialogue with leaders of Solidarity and the Catholic church. But other aspects of an easing in martial law were evident. At least until last weekend, the army had all but vanished off the streets and police had exchanged field uniforms for normal everyday dress.

But the August 1980-December 1981 period of Solidarity's rise has clearly not been forgotten. Factory workers have stayed loyal to their suspended union. While they have gone back to work, if only to earn enough to offset February's drastic price rises, they have by and large turned a deaf ear to officially sponsored discussions about the need to replace Solidarity with a "controlled" union movement.

Authorities have lost both ground and time

Poland's student youth have stayed equally loyal to pre-martial law ideals. Warsaw university remained passive over the recent sacking of its independent-minded rector, but it was those students that provided the bulk of the weekend protesters chanting "Democracy, democracy, Solidarity, Solidarity" in the Polish capital.

Thus, while in the past five months the Polish people have recognised the superior force of the authorities—something never taken seriously by Solidarity radicals last year—the past few days have now made clear that any lasting and stable accord between rulers and ruled is going to have to include a reformed political system.

It is precisely here that the martial law authorities have lost both ground and time. General Jaruzelski has been preoccupied in refereeing an ultimately fruitless tug-of-war between hardline conservatives and moderates inside his régime that has paralysed political initiatives towards Polish society at large.

Doubtless, some conservatives will be urging a return to the full panoply of martial law in the wake of this week's protests. But General Jaruzelski is aware that in the long term this could risk a desperate, typically Polish uprising which could only be quelled with the Soviet assistance he has sought to avoid. On the other hand, the General, with his military frame of mind, clearly has little feel for the political gestures which moderates have been urging on him.

The moderates know that the Western credit blockade bodes ill for the Polish economy and realise that gestures towards liberalisation are needed if Nato governments are to review their policy. The continuing slide in industrial production, down even from the appalling performance in 1980 and 1981, is chiefly due to lack of credit, raw materials and components from the West.

Attempts to offset this with increased help from the Communist bloc are falling flat. Not only is Poland paying more this year for Soviet oil and the like but, in the first quarter of 1982, it got less in the way of accelerated shipments than it was promised from Comecon.

But for the moment the moderates are whistling in the wind. For instance, Mr Mieczslaw Rakowski, the deputy prime minister and former journalist who is generally reckoned to be the Government's leading moderate, made a speech in Parliament on Monday calling for conciliation with the country's intellectuals. It might have been considered highly significant. But its impact was totally lost to the image of riot police ringing the building and readying their batons for demonstrators.

In fact, Mr Rakowski and his supporters seem to have little to offer the street protestors. A week earlier, he made a speech in Poznan agreeing that the authorities would in future have to submit to some form of political control by the people and that trade unions in the Polish context were the institution to do the controlling. But he gave no hope that this would be anything like a return to old-style Solidarity.

One important casualty of the latest clashes may be the conciliating role which the Church has tried to carve out for itself under martial law. By taking to the streets, the protesters were flouting the insistent advice of Cardinal Josef Glemp and the top Church hierarchy that pressure for the lifting of martial law must be peaceful.

But the Church has not escaped the ire of the authorities, as the Interior Minister made clear this week when he complained that the churches were holding special masses that provided marshalling grounds for potential protests. With martial law forbidding most forms of assembly, the only way a crowd of several thousand can gather is in a church, on the occasion of a Mass which then leads on to a street protest.

This is precisely how the demonstrations in Warsaw last weekend got underway, and a similar sequence could occur this Saturday (significantly on the eve of the fifth monthly anniversary of martial law), when a Mass is to be said at Warsaw cathedral for Marshal Pilsudski, the pre-war Polish leader.

A new generation of underground leaders

If the Church is now in danger of being bypassed by events, shifts are also taking place amid the underground Solidarity leadership. By the end of April three leaders, including Mr Zbigniew Bujak, the Solidarity leader from Warsaw, had scaled down their conditions for talks with the regime. They were no longer insisting on an end to martial law and a reactivation of their old trade union, but instead just wanted freedom for all internees and amnesty for all those in hiding like themselves.

Most significantly, the Bujak group said it was ready to talk to General Jaruzelski on the basis of a moderate document produced recently by top Church advisers suggesting that Solidarity should set aside its political ambitions in the future. To back their appeal, the Bujak group has called for a 15-minute nationwide work stoppage on May 13. But strikes of this kind, or passive resistance, has not proved very successful in the past five months, and if the past week is any guide, more active means of protest are gaining ground.

Thus, the underground Solidarity leaders still have legitimacy in the sense that they are the only duly elected worker representatives. But they may now be losing out to power on the streets, organised by a new generation of underground leaders.

For instance, the May 1 demonstration in Warsaw was held at the urging of a co-ordinating group from some 60 Warsaw factories. Its success underlined the importance of this clandestine network, which being less well known also runs less risk of being picked up by the police.

So, the longer the authorities delay in opening up a real dialogue with the Polish trade union movement, the greater the chance they will have to face a more radical underground leadership.

In this context, recent events have redoubled the importance for the Jaruzelski Government of reaching some accord with Mr Walesa. His recalcitrant silence during internment has infuriated the Government, but it has only served to bolster the prestige of the Solidarity leader.

Mr Walesa remains—and it needs to be said time and again—the only person in Solidarity who has enough authority in the eyes of the Polish people, and for that matter foreign governments, to put a lasting seal on any future agreement for the governance of the country.

Lombard

Stop the killing straight away

By Samuel Brittan

"They now ring the bells, but they will soon wring their hands."
Sir Robert Wolpole, on the declaration of war with Spain, 1739.

THE COMMANDMENT "Thou shalt not kill" has never been observed to the letter in any country in any period of the world's history. But if the horrors of war—the bereavement of nearest and dearest, the ghastly injuries and the ruin of individuals' hopes and plans—*are to be justified by those un*leashing them, very good cause indeed has to be given. For those of us who are humanists rather than religious pacifists, the one possible justification for the suffering on the scale now occurring in the Falklands is that it is necessary to prevent even greater killing and suffering in future.

The required overriding justification has not been given. Those of us who oppose the Falklands action should not fall into the trap of those anti-Vietnam War campaigners who sided with the Vietcong. The Argentine junta and those who rally to them are responsible first for the invasion and for the present "Death and glory" attitude which is the cause of so much bloodshed. But the evils of General Galtieri do not justify the loss of lives resulting from UK counter-measures.

Two reasons have been offered to justify the slaughter. The first is self-determination of the Falklands and the second is "resistance to aggression."

The first is misguided. Self-determination is only one of many political objectives. President Wilson made the great mistake of trying to make it paramount after World War I, thus unleashing a host of bloody conflicts between the different nationalities of central and eastern Europe.

The British Government has an obligation to look after the interests of the 1,800 inhabitants of the Falklands. For a tiny fraction of the cost of the present operation, any of them who did not wish to live under Argentine rule could be compensated and resettled in any part of the world they wished at far higher standards of living than they at present enjoy. Their first preference of living as they are under British rule was lost when the UK Government was caught with its pants down by the Argentine invasion. To risk sacrificing more than the whole population of the Falklands to enforce a view which we do not even know whether the Islanders still hold is to compound the folly.

The principle of not settling territorial disputes by force is more serious, even though it is more honoured in the breach than in the observance.

The question is whether any *problematic strengthening of* this principle—and it is problematic if the Falklands ultimately go to the Argentine, which is quite likely—is worth more in lives and suffering saved at some future date than the cost of enforcing it now. The issue is one for the whole international community; and the British political establishment, because it is a party to the dispute whose pride has been hurt, is not the best judge of the issue. If the action is an altruistic one for the sake of international good behaviour, the growing doubts of many of Britain's allies about the venture are highly relevant.

Precise suggestions are apt to be overtaken by events. But at a very minimum the British Government should accept immediately any request by the UN Secretary General, the Peruvian president, or General Haig for a cease-fire—even if it means withdrawing for the time being from Falkland waters to secure Argentine compliance.

Second, on the maxim "Better late than never" Britain should wholeheartedly and unilaterally accept either General Haig's peace proposals or those reported to be coming from the Peruvian president. There should also be a unilateral British undertaking not to land troops on the Falklands, if the Argentines withdraw, but instead to welcome a UN, U.S., or other neutral interim administration.

Even those who do not agree with the fundamental premises of this article, but who deplore the scale of bloodshed, ought to be able to agree that the Argentine withdrawal should be the one condition of a permanent cease-fire and questions of sovereignty and self-determination left in abeyance by the British side.

Economic Viewpoint will appear on Monday.

Letters to the Editor

The Falklands: the future for the islanders

From Mr I. Stewart-Fergusson

Sir,—In his letter (May 1) attacking the Government's foreign policy over the Falklands Mr Roderick Campbell regrettably omits to describe in any detail the alternatives he would propose in lieu of the measures to which he is so obviously opposed.

Faced with President Galtieri's *fait accompli* and understandable intransigence as far as all but the most minor issues were concerned, Mr Campbell would I suppose have conceded Argentina's claim, certainly without using force against force, conceivably without even resorting to diplomatic and/or economic counter-measures—on the pretext that the fate of 1,800 islanders thousands of miles away would merit neither the risk to the Britons in Argentina itself, nor the military expenditure now being incurred on behalf of the Falklanders (an attitude which incidentally would seem to prevail also among many of the Anglo-Argentinian community, if the broadcast interviews are anything to go by).

In pure cost-benefit terms Mr Campbell is probably correct. If one disagrees with his peace-at-all-costs approach, then, on the basis of moral principles, not to react as we have done would amount to abandoning all the principles of justice and freedom which we claim to stand by. In the face of the subjugation of the Falklanders it is not difficult to imagine the howls of protest which would be raised by Mr Campbell and many others enraged at the Government's sell-out to the Argentinians.

In the circumstances, and with "Afghanistan" at the back of one's mind we are probably also forced into choosing between military counter-measures and a climb-down, even if diplomatic/economic retaliation is indeed permitted as part of the Government's efforts towards re-establishing the status quo. (Without the threat of military back-up, the effectiveness of such retaliation is open to question.)

Granted that if and when the status quo is finally achieved the diplomatic problems of negotiating a longer term settlement will have only just begun, it must surely be both a "sensible" and a "coherent" foreign policy to strive now both diplomatically, economically and militarily to establish a strong negotiating position, if only to get the best possible deal for the Falklanders as they become over time ever more dependent on their closest neighbour geographically. Indeed, if the controlled use of our armed forces is ruled out even in response to such blatant unprovoked aggression, we must then seriously question the justification for maintaining the armed services in the first place.

I. G. Stewart-Fergusson,
9, Hotspur Avenue,
Bedlington, Northumberland.

From Mr L. Palmier

Sir,—The justification for the Falklands operation lies in the demonstration that we are prepared to defend what is ours. The number of people there is irrelevant; the same argument would apply if the islands were deserted or heavily populated. So, also, on the other hand, is the character of the Argentinian regime; the case would not be different if, for example, France invaded the Channel Islands (as part of the old duchy of Normandy, some kind of French claim could no doubt be erected for them). Several other countries, of more moment than the Argentine, would have been most interested to observe that we had lost the will to look after our own.

When the Argentines are expelled, the future of the islands must then be settled. It is clear we no longer have the capacity to maintain a far-flung empire; they should therefore be relinquished. To give a population of some 2,000 their independence is hardly feasible, if only because they are unlikely to retain it for long. Since Argentina is the closest state, it is expedient that the islands come under her administration (claim or no claim). "In victory, magnanimity." The British population should be offered the choice of relocating elsewhere, with full compensation borne entirely by the Argentines. At a time when so many people in this country are having to relocate to find work, it is not unreasonable to ask those in the Falklands to make similar sacrifices for the common good.

Leslie Palmier.
Hazelrise,
St Catherine's Close, Bath.

Tapioca pudding from Brussels

From the President, Grain and Feed Trade Association.

Sir,—Your leading article of April 28 prompts me to draw attention to the European Commission's seemingly confused objectives in negotiating, or seeking to negotiate, limitations on exports of materials alternative to cereals in animal feeding stuffs, such as tapioca (manioc) or maize gluten feed.

The Commission argues that producers have a right to expect an income based on the target price for cereals; and that, to their detriment, very heavy imports of "cereal substitutes" have depressed prices to intervention levels. In British terms, this would mean that the intended level of support prices should rise from around £113 (the current intervention price) to £141, or by 20 per cent. What this implies is self-evident, namely, the prohibition rather than the *limitation*, of imports of raw materials other than cereals and a swingeing increase in the price of all animal feeding stuffs.

The Commission must know that its problems are caused by excessively high support prices for cereals that have increased production in 10 years from around 90m to 120m tonnes and which have made cereals increasingly uneconomic for use in animal feeding (apart from the fact that selective breeding has so reduced the size of the rumen in the most productive cows that they could no longer thrive on a diet of cereals!). The Commission also knows full well that, had those prices been 20 per cent higher, at the level of the target price, their problems would have been unmanageable, and that, the effect on the prices of, and the consumption of, livestock products would have been very grave indeed.

To sum up. May I plead for a strong counter-dose of realism in the Council of Ministers when it comes to decide, as it must, on the Commission's proposals. The first task is to bring the price of cereals down to a competitive level, not to increase it. More particularly, we need a reduction in target prices, particularly for wheat and maize. In the interests of the producers of that 60 per cent of all *Community* output, namely, livestock products, until and unless cereal prices are brought down to a realistic level, no further restrictions should be put on imports of competing raw materials, whether tapioca, cereal brans, corn gluten feed, citrus pellets, or other residues. It is worth recording that these have replaced imported cereals, mainly maize, to the extent of 6.2m tonnes since 1973.

L. J. Wright,
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24-28 St Mary Axe, EC3.

Direct labour in the health service

From the Secretary,
Health Services Committee,
South-East Regional Council,
Trades Union Congress

Sir,—You report (April 29) the publication of a document "Reservicing health" by Michael Forsyth which appears to reiterate the political platform already advanced by the Minister of Health, who wrote to health authorities on August 20 last year asking them to consider the introduction of contracts for various services, and seeking a detailed reply.

On September 28 1981 Lady McCarthy, the Oxfordshire area health authority chairman, responded indicating that even allowing for the difficulty arising from the different accounting practices between the public and private sector "it had good reason to doubt that financial savings would result from more extensive moves towards contract services." On the one cleaning contract in the area it could be demonstrated that this cost one third more to clean than National Health Service direct labour. The contract has been terminated. An exercise on laundry services showed that a private laundry would charge four times the NHS cost. An examination of pharmaceutical products indicated considerable savings through producing fluids within the NHS. Consideration of sterile supply products compared to commercial alternatives showed no benefit by switching to the private sector, and reports from neighbouring authorities demonstrated that cost comparisons for complex sterile surgical packs are even more favourable to in-house production.

Both in the maintenance of medical equipment and transport vehicles technical staff and mechanics were being increased in order to save money because of the rapid escalation of manufacturers' maintenance costs and charges by local garages.

Trade union experience with a cleaning contract in a neighbouring authority—Buckinghamshire—revealed that a saving of £60,000 per annum would accrue if a domestic cleaning contract covering Stoke Mandeville and St John's hospitals were not re-let to a private contract but undertaken in-house.

The claims made in this pamphlet and similar political utterances appear to be based on rhetoric rather than any real study of comparative costs of providing services within the NHS and by private contractors.

Keith Jerrome.
59-65 London Street,
Reading,
Berks.

UK COMPANY NEWS

P & O makes £40m in second half

PROFITS of Peninsular and Oriental Steam Navigation Company rebounded sharply in the second half of 1981 after the first half collapse.

The pre-tax figure for the year totalled just under £41m against £47m and was well ahead of analysts' estimates. The final dividend is being lifted to 7p a deferred share from 5p, making a total of 10p (8p).

In the first half, P & O's profits tumbled from £12.9m to £729,000 as a result of various industrial disputes and slack world trade.

P & O is hoping for an improvement in its total 1982 results. It said this year had not begun as badly as last year, but the group has had to contend with more disputes at the ports of Southampton and Middlesbrough.

The 1981 operating result of £78.7m, down from £84.7m, included a loss of £0.5m (previous year profit of £5.7m) on sales of 14 ships after deducting redundancy and other costs.

Attributable profits were slightly higher at £23.1m against £19m after a lower tax charge—£10.5m compared with £16.3m—caused largely by a U.S. tax credit. Earnings per share were 21p (20.9p).

The attributable figure was struck after higher extraordinary items of £14.8m (£5.8m), mainly as a result of shore staff redundancy and other costs associated with the ship sales.

Partly offsetting these were exchange rate gains of £8.1m. Group borrowings went down further by £9m to £271m, despite the addition of £23m through the decline in sterling.

	1981 £000	1980 £000
Gross revenue	3,072,721	2,240,269
Operating result*	78,737	84,723
Net interest payable	37,787	37,647
Profit before tax	40,950	47,076
Taxation	10,467	16,321
Net profit	20,463	30,755
Minorities	645	1,148
Net balance	29,818	29,607
Credit	8,125	†4,796
Extraordinary debit	14,793	5,778
Attributable	23,150	19,033
	£m	£m
Deep Sea Cargo—owned	2.5	‡4.9
Deep Sea Cargo—associates	8.9	18.6
Ferries loss	6.7	8.1
Passenger	6.9	8.8
European transport	0.2	2.0
Oil related	10.6	17.2
Banking	3.7	3.1
Agency services	0.4	1.4
Bovis	6.8	2.3
P & O property	4.7	4.6
Australia	1.9	5.8
Other overseas	1.8	1.2
Expenses	1.8	2.9
Profit before tax	41.0	47.1

* Includes £0.5m loss (£5.7m profit) on sale of ships. † Debit. ‡ Loss.

The group said trading conditions were difficult last year, though sterling's weakness helped the final results. Lord Inchcape, chairman, said profits were hit more than he could ever recall by strikes and other industrial action.

On the shipping side, he said the year began with dry cargo rates at a reasonable level. But this was partly due to an artificial balance between supply and demand through delays caused by congestion.

Its own deep sea cargo profits were £2.5m pre-tax against a £4.9m loss, while those from associates, including Overseas Containers Ltd (OCL), totalled £8.9m against £18.6m. OCL, which has already announced lower profits, suffered from port strikes and the slack trade.

The only loss-maker last year for P & O was its ferry side which had a pre-tax deficit of £6.7m (£8.1m). But 1982 is expected to show a considerable improvement. Bovis construction profits rose from £2.3m to £6.8m.

P & O intends to raise its interim dividend for 1982 from 3p to 4p for a more equal balance with the final. It said this did not imply a rise in the total.

See Lex

HIGHLIGHTS

Lex comments on the mood which overtook the London Stock Market yesterday following recent events in the Falklands, before moving on to consider several major results on a busy day for company news. The first-quarter downturn at General Accident turned out to be more severe than had been expected with losses of £11m against a £19m profit. Sainsbury, in contrast, continues to show exceptional profits growth with full-year figures to the end of February rising from £66m to £89m. P & O's year has finished on a stronger note than had been anticipated and the full-year outturn is £41m profit against £47m. The dividend is lifted by 25 per cent. Finally the column goes on to comment on the unfortunate experience of shareholders in NCC Energy under the leadership of Mr Graham Lacey.

Serck slide continues at year end

The slide in pre-tax profits shown at the interim stage at Serck continued for the 15 months to January 2 1982 with profits declining from £3.02m for the previous 12 months to £1.75m. In the second half the surplus was down from £1.82m to £1.53m.

Group sales rose by £36.59m to £142.24m.

Below the line there was an extraordinary debit of £9.77m for activities curtailed, relocated and closed.

There is no dividend. Last year a final of 2.2p gave a total of 3.4p net. All the ordinary capital of this specialist engineer is owned by BTR Industries.

At the operating level, profits fell from £5.72m to £4.73m. Pre-tax profits were struck after higher associated profits of £623,000 (£288,000) and increased interest payments of £3.61m (£2.99m).

Tax took £603,000 (£1.7m). There was a higher credit for minorities of £56,000 (£29,000).

The accounts show £553,000 compensation for loss of office to four directors.

J. Mowlem advances to £7.8m

CONSTRUCTION group John Mowlem & Company finished 1981 with pre-tax profits ahead from £6.3m to £7.8m, following a first half rise from £2.51m to £3.21m. Turnover increased from £240m to £271m.

After tax and extraordinary items the attributable balance comes through unchanged at £6.1m. Profits per ordinary share are stated at 42.1p (37.8p) and earnings at 34.5p (30.8p).

Shareholders are getting a 10 per cent increase in the dividend. The final is 7.625p taking the total up from 8.75p to 9.625p net.

Mr Philip Beck, the chairman, reports that the group's construction companies all performed well during the year. The balance sheet is strong, the order book stable and "we expect that the results for 1982 will again be satisfactory," he says.

During the year the group was awarded, in joint venture, a £283m cost reimbursable contract by the U.S. Navy for general construction work on the island of Diego Garcia in the Indian Ocean. Joint venture partners in this contract are Raymond International and Brown & Root.

The chairman says that the first full year of the U.S. acquisition, Soiltest, exceeded its profit targets.

At the year end ordinary shareholders' funds showed an increase from £35.8m to £44.5m—equal to 240p (216p) per share.

● comment

Since the better than expected interim figures, Mowlem's shares have undergone something of a rerating. Full year pre-tax profits did not disappoint, up 24 per cent at £7.8m. Internal efficiencies, rather than a less competitive market, seems to lie behind an improvement in UK construction margins. The turnround in results from associates is welcome, but £100,000 profit on a turnover of £13m still leaves much to be desired. The £36m Diego Garcia U.S. Navy contract is cost reimbursable, and a handy bedrock, following the completion of the NatWest tower block contract. Current economic difficulties in East Africa make growth prospects there uncertain, but Mowlem has wisely steered clear of non-international aid funded projects. Even after the $1.5m CPN acquisition in October, the £5.26m from last May's rights issue has helped swell net cash to over £10m, and further acquisitions are imminent. After the results the share price dropped 4p from Tuesday's all-time high, to 209p, yielding about 6½ per cent on the increased dividend, and on a p/e of about 10.

TR North America pays same

Revenue of the TR North America Investment Trust, formerly Continental Union Trust, came out just ahead at £1.11m for the year ended March 31 1982, after all charges and tax, against £1.02m. The dividend is unchanged at 6.25p net per 25p share with a same-again final of 4.25p.

Also the directors forecast an unchanged interim distribution of 2p net for the current year.

Gross income for 1981-82 amounted to £2.23m, compared with £1.96m, and tax was £893,655 (£802,232) which included foreign withholding taxes of £66,175 (£52,764).

Earnings per share are shown as 6.79p (6.26p) and net asset value is given as 222.2p (210.8p), after deducting prior charges at par.

£2.75m loss for Smith St Aubyn

A REVERSAL of over £6m, from a profit of £3.44m to a net loss of £2.75m, is reported by discount broker and banker Smith St Aubyn (Holdings) for the year ending April 5, 1982.

The figure was struck after all expenses, recovery of tax, rebate and a transfer from contingencies reserve in Smith St Aubyn Company, against a transfer to the reserve previously. Valuation and contingencies reserves do not exceed £500,000, it is pointed out.

As predicted, the final dividend is being omitted (6p), leaving the interim of 4.5p net as the payment for the year, against a total of 10.5p last time.

At the time of a rights issue in January the directors warned that the final payout would be passed. They also said that it was probable that the company would not be in a position to pay dividends on the two classes of preference shares due on March 31.

However, in February they announced that there had been a material beneficial change in the company's position . . . and that it may be in a position to pay the preference dividends after adoption of the audited accounts for the year. In the event, dividends on the 4.2 per cent non-cumulative preference and 8½ per cent cumulative second preference shares will now be paid on June 17, 1982.

Explaining the reason for the rights issue the directors said in January that the company had made a further significant loss with the result that both inner and published reserves had been extinguished. They believed that it was essential to increase the capital base of the company in order that it may maintain an adequate level of business.

At year-end loans and deposits totalled £353.76m (£594.25m) and bills discounted were £301.35m (£211.32m). Contingent liability of commercial bills under rediscount was £1.28bn (£870.18m).

● comment

Smith St Aubyn seems to have made roughly £4m in the last five months of its financial year—even given the favourable circumstances a fair return on an equity base that has been as low as £3m during that period. The inference is that Smith has not lost its taste for playing the gilt-edged market, even though the April balance sheet shows gilt holdings down from £30m to £4m. The Bank of England, meanwhile, has allowed Smith to run a very much larger book than its end-year real net worth of £9m might suggest, and there has certainly been plenty of bill turnover; the (very remote) contingent liability on bills under rediscount has risen from 40 to 140 times Smith's equity base. At 34p, down 3p yesterday, to give a £7.3m capitalisation, the shares are as speculative as Smith's own investment strategy.

H. Young to raise £0.2m by rights

H. Young Holdings, the small motor distributor, is raising £190,000 with a 1-for-1 rights issue at 25p a share.

The company will be using the proceeds to transform a distributor based in Guildford into a sole Mercedes Benz distributor.

The directors forecast a loss of about £95,000 for the year ending this month. They do not intend to recommend a dividend for the year.

Firm undertakings have been received from certain shareholders to take up their entitlements for a total of 415,492 shares. The balance has been underwritten.

Woodhouse & Rixson

FIRST-QUARTER results for Woodhouse and Rixson (Holdings), forgemaster, were "much better than have been achieved for a number of years," Mr C. S. Baker, chairman, told the annual meeting, demonstrating the benefits from current policies.

Although the company was off to a good start, he said, it would be imprudent to conclude that the first quarter's results were indicative of the full year outturn as there was still little evidence of any real underlying increase in activity in many of the company's operations.

The directors intend in the current year to return to the previous policy of paying dividends in two approximately equal parts.

ROCKWARE GROUP (manufacturer of glass and plastic containers) results for 1981 reported on March 25 1982. Shareholders' funds £49.42m (£56.56m), fixed assets £59.43m (£55.68m), net current assets £16.55m (£24.19m), net inflow from operations £5.97m (£7.86m outflow). Compensation to former directors for loss of office £103,000 (nil). Since the year-end, group has disposed of its interest in Rockware Plastics (Australia) Pty at a value approximately equal to original cost. Meeting, Winchester House, 100 Old Broad Street, EC, May 26, at 3 pm.

THE TRING HALL USM INDEX
120.3 (−2.7)
Close of business 5/5/82
BASE DATE 10/11/80 100
Tel: 01-638 1591

LADBROKE INDEX
Close 571-576 (−11)

GA sinks to £11m deficit in 'worst' first quarter

THE General Accident Group had the worst possible start to the year, recording a pre-tax loss of £11.1m in the first quarter, its poorest ever quarterly figure.

The severe winter weather in the UK, the worst for a century according to GA, together with continuing poor trading conditions in the U.S., Canada, Australia and most other parts of the world, sent underwriting losses soaring from £15.7m to £54.1m in the quarter.

Investment income rose by 21.2 per cent during the period from £34.8m to £42.3m (the underlying growth rate allowing for exchange rate fluctuations of 17.7 per cent). But this rise failed to bridge the widening gap of underwriting losses, resulting in a pre-tax loss for the quarter, against a £19.3m profit last year.

A substantial tax credit softened the net loss attributable to shareholders to £1.5m compared with a profit of £13m for the first quarter of last year.

Total premium income rose more than 10 per cent in sterling terms from £258.3m to £285.1m, exchange rate fluctuations trimming the underlying rise to 7.7 per cent. The solvency margin at end-April was 60 per cent.

The severe snowstorms and floods which hit Britain last winter had a much deeper impact than had been anticipated. Underwriting losses for business since January 1 rose tenfold from £2.4m to £27.7m, with bad weather claims costing £20m.

About half of this cost was made on the household account with claims for damage from burst pipes, floods and storms, leading to underwriting losses of £10.2m.

Underwriting losses in the motor account, GA being the largest motor insurers in the UK, soared to £7.2m, of which half arose from the severe weather, the rest coming from normal trading. The number of claims was 16 per cent higher than normal.

The group has not increased its motor premium rates for nearly two years, despite continuing rising claims costs. In an effort to recapture lost business. There are indications that a rate increase could come on August 1 — two years after the last revision—though GA claims to be still making up its mind.

The traders' account lost £6.2m, off which £4.5m came from bad weather, but the £2.8m loss in industrial fire came mostly from the rising fire damage costs in Britain and inadequate rates.

The only bright spot in the UK figures was a 5.4 per cent rise in UK premiums — slightly above last year's poor growth rate — with the company seeing personal lines business coming back.

Premium income in the U.S. rose by just 2 per cent from $175m to $181m, while underwriting losses nearly doubled from £6.8m to £11.6m. The operating ratio fell from 106.32 per cent to 111.04 per cent, with the claims ratio declining from 77.08 per cent to 80.26 per cent. The expense ratio fell from 29.24 per cent to 30.78 per cent—reflecting the low premium growth.

There were losses in all major lines, with the automobile account reporting a substantial deterioration from a rise in claims and from the inadequate rates. Increases in rates in several States are scheduled for the third quarter.

Trading results deteriorated in Australia and Canada, the latter being affected by bad weather, with the effects of last year's rate increase still to come through. The Republic of Ireland was badly hit by weather.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Aberdeen Const.	4.77	July 2	4.12	7.17	6.42
Brixton Estate	1.95	July 24	1.41*	3.5	2.63*
Comfort Hotels	0.4	—	0.4	0.6	0.6
T. Cowie . . . int.	0.8	—	0.8	—	1.6
Elbar Industrial	Nil	—	1	Nil	2
Matthew Hall	4.03	—	3.28*	5.12	4.26*
P. C. Henderson	7.25	July 1	5.75	10	8
Lon. & Prov. Shop . . . int.	0.9	July 1	0.8	§	2.4
Milletts Leisure	4	July 15	4	6.95	6.95
John Mowlem	7.63	July 1	6.85	9.63	8.75
1928 Inv.	2.75	July 1	2.4	4.75	4.4
P. & O. Defd.	7	July 1	5	10	8
J. Sainsbury	6.5	July 23	5	9.75	7.25*
Smith St. Aubyn	Nil	—	6	4.5	10.5
TR N. America	4.25	June 14	4.25	6.25	6.25

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § Final of 2.7p forecast.

Rugby Cement's outlook brighter

ALTHOUGH the cement industry, like the construction industry which it serves, is far from through its troubles, Lord Boyd-Carpenter, the chairman of Rugby Portland Cement, says he can see "gleams of light ahead."

In his annual report, he says the company has never been better prepared either to endure storm or profit from sunshine. It appears, he adds, that this view is shared by many investors.

As known, the group reported an increase from £16.9m to £18.6m in pre-tax profits in 1981. Lord Boyd-Carpenter says that since the weather improved, demand has improved with it.

There was a "very substantial decline" in the demand for cement during the year under review and this led to a progressive reduction in utilisation of the old kilns at Rugby works.

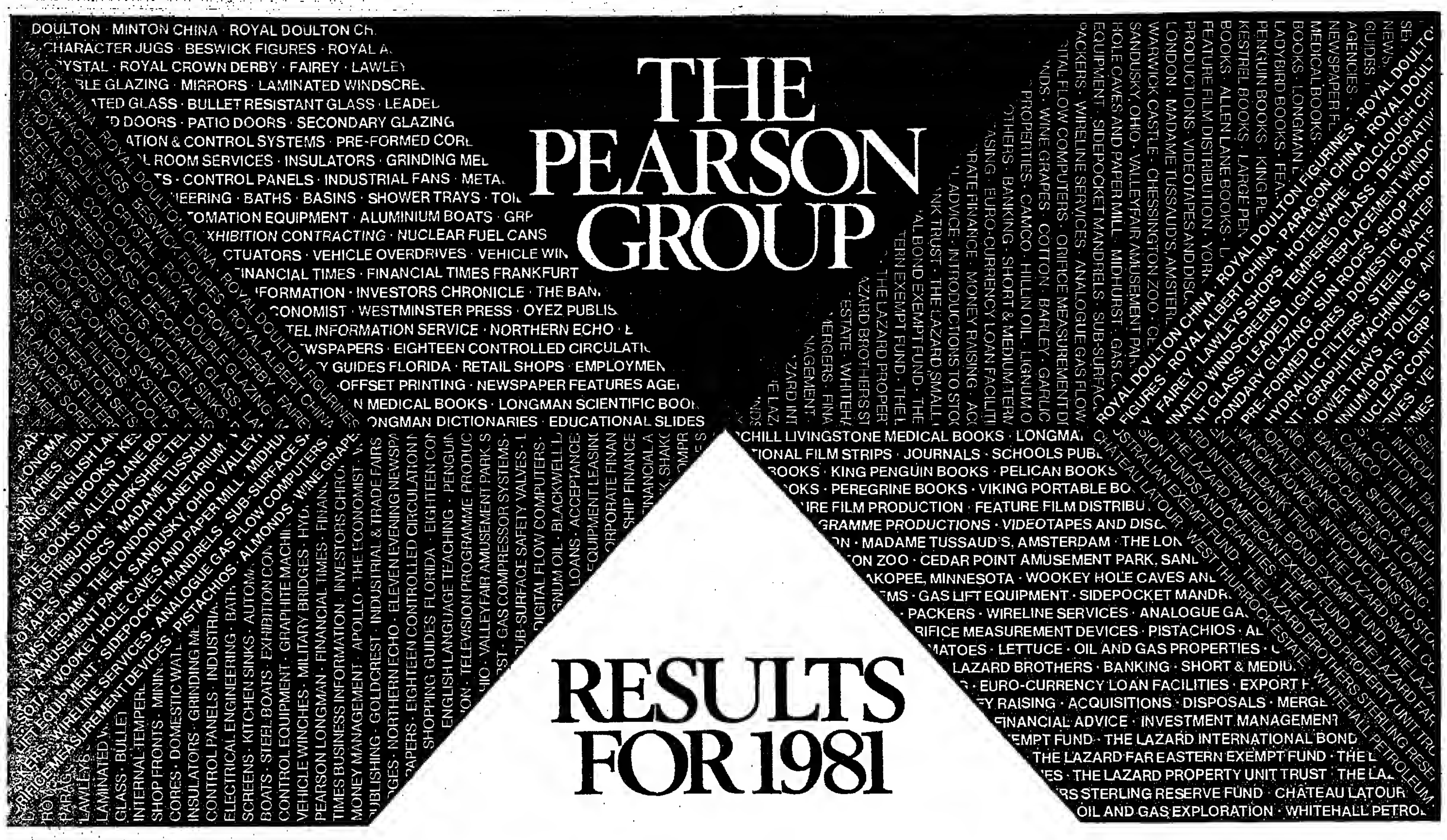
He says the group has now come to the stage where it is no longer economic to continue producing from these kilns and it is proposed to close them down, together with their ancilliary plant. Production will continue at Rugby works from the newest kiln.

At the year-end, the balance sheet shows shareholders' funds up from £79.3m to £93.49m. Fixed assets were higher at £119.63m (£110.73m), and bank balances improved from £22.55m to £27.61m. The directors have authorised capital expenditure of £4.6m (£9.3m), for which contracts have been placed amounting to £2.4m (£1.1m).

Meeting: Rugby, June 4.

حکمة من الرجال

هكذا من الأصل



"The striking feature of our results for 1981 is the impressive performance of a number of group companies in the second half of the year. This raised attributable group profits before tax, which at the half year showed virtually no improvement, to a materially higher level for the year as a whole, £43.3 million compared with £36.7 million in 1980. In fact, in terms of money of the day, these represent record profits though my *colleagues and I are well aware of the need to take account of inflation*. This was achieved despite the complete failure of any recovery in economic activity to materialise during the latter months of 1981 either in the United Kingdom, or indeed in the United States, our major market overseas. Seasonal factors were stronger this year and sales achieved in the closing months of the year are critical for profitability. The tax charge is much lower for the reason stated in note 5 to the accounts.

We are recommending a final dividend which results in an effective increase of 12 per cent in the total dividend for the year over the previous year. This is justified not only by the increase in our pre-tax profits, in both historic and current cost terms, in a very difficult year, but also by the better control of working capital and cash consumption.

Our United States oil service subsidiary, Camco, continued to enjoy the surge of demand for its equipment engendered by the development of new sources of hydro-carbons outside the OPEC countries and in particular the growing number of deep oil and gas wells which make a greater proportionate use of the sophisticated equipment it produces. Otherwise none of our businesses that prospered in 1981 did so with any help from the climate in which it was operating.

Both our book companies, Longman and Penguin, achieved highly creditable results. *Longman's* dominant position internationally in many fields of professional publishing and English language teaching allowed it to ride out the adverse conditions at home and achieve profits well in excess of its previous peak. Penguin has shown a most imaginative approach in its publishing programme and has begun to reap the fruits of its new management's marketing and pricing policy. The improvement in its results was also helped by a *reduction in its interest burden but it* remains one of the most highly geared of our businesses. Lazards had another good year thanks in part to a further very strong increase in earnings from corporate finance activities. Fairey, I am glad to say, achieved something like the level of profitability expected at the time we bought it, and we are all delighted that Fairey Marine has just won a Queen's Award for export achievement.

There were, of course, some disappointments, perhaps the most conspicuous of which was the increased losses by Doulton Glass. Most of the damage came from the home improvements side where the level of business continued to fall faster than the management anticipated. You may have read that since the year end we have negotiated the sale of this business to a company run by the former management, subject to approval by that company's shareholders. We do not believe, on balance, that a direct selling operation of this nature fits easily into a group like ours and its disposal should entail a return to profitability by Doulton Glass in the future. Royal Doulton Tableware had a difficult year suffering in particular from the very severe recession in North America. Finally, Westminster Press, far from showing the hoped-for recovery, reported its lowest profits for some years. Increased competition and persisting low levels of recruitment advertising more than offset the benefits of freedom from industrial disputes.

Group profit before tax	£59·5m
Made up as follows:	
Pearson Longman	£21·2m
Doulton	£8·3m
Whitehall Trust inc. Lazard Brothers	£15·0m
Midhurst (USA)	£16·4m
Madame Tussaud's	£1·8m
Other Interests	£4·8m
Head Office Interest and expenses	(£8·0m)
Attributable profit before tax	£43·3m
Attributable profit after tax	£37·3m
Earnings per ordinary share	52·9p
Dividends per ordinary share	11·2p
Turnover	£702·2m

S. PEARSON & SON

To: the Registrar (CAP 3/4), S. Pearson & Son plc,
Lloyds Bank Plc, Registrar's Department,
Goring-by-Sea, Worthing, W. Sussex BN12 6DA.

Please send me a copy of the 1981 Annual Report.

Name ______________________

Company ______________________

Address ______________________

In the case of Blackwell Land we swung from feast to famine. A combination of poor yields and lower prices produced a loss which one must inevitably accept from time to time in an agricultural undertaking.

A number of new investments more than account for the increase in net borrowing of £9.5 million. I referred in my statement last year to the increase in our holding in Cedar Point to twenty-five per cent. We also invested a further £3.2 million in Compressor Systems, largely by subscribing for new shares, and increased our holding to 34.1 per cent. This looks to be a most gratifying commitment given Compressor Systems' performance to date. The cost of the extra investment in Compressor Systems was met by subsequent sales of half our holding of Ashland Oil common shares.

Pearson Longman decided to extend its interests in television by taking a twenty-five per cent stake in Yorkshire Television when Trident had to divest itself of its controlling interest and there have been other smaller investments to strengthen and extend our existing businesses.

I mentioned a year ago your board's determination to control working capital and cash consumption. Only £1.5 million cash was absorbed by extra working capital, compared to £27 million in 1980, the good stock control of Royal Doulton Tableware contributing notably to this improvement. It will, however, require continued efforts throughout the group to maintain this progress particularly as the requirements for capital expenditure, so vital to maintain our competitive position, are likely to become more numerous as prospects begin to look brighter.

The best method of maintaining the improvement in cash flow will, of course, be to continue to improve profitability. Last year our current cost operating profits as a percentage of average capital employed went up from 4.1 per cent to 7.1 per cent. This is a step in the right direction, but there is still a long way to go, and securing a better return on our assets remains your board's principal preoccupation.

There is no doubt that the consequence of the severe economic recession in the United Kingdom, and indeed throughout most of the developed economies of the West, has been to accelerate rationalisation and measures to reduce costs. This is a painful process but real rewards will follow if the restoration of growth is not long delayed. We all hope that 1982 will see some signs of such a resurgence. However, we have not based our planning for the current year on any material improvement in the level of demand for those of our businesses operating within the United Kingdom. The contribution of our employees to the fortunes of the group in these difficult times is particularly appreciated.

Enclosed with the report and accounts is a circular on two proposed schemes which will be put to shareholders for their approval at a specially convened meeting immediately after the annual general meeting. Both schemes provide an additional incentive for our employees. The schemes are fully explained in the circular and I would just like to repeat the recommendation of my colleagues and myself that we believe their introduction to be in the best interest of the company as a whole and of all its shareholders."

Lord Gibson
Chairman

BIDS AND DEALS

Cook to buy BMCT stake in NCC

BY RAY MAUGHAN

THE RECEIVERS of Birmingham & Midland Counties Trust, the private investment dealing company controlled by Mr Graham Ferguson Lacey and Mr Cecil McBride, have found a buyer for the company's principal asset, a 36.2 per cent stake in Mr Lacey's troubled exploration group, NCC Energy, at a price which will let an American company in for what amounts to a rescue bid at £9.25m.

The holding in NCC is to be acquired by Cook International, a quoted group which once had extensive interests in grain trading and is now best known for its involvement in pest control and insurance broking.

Cook is picking up the receiver's holding for 25p per share. This compares with a peak of 112p per share earlier this year and a suspension price of 35p per share. NCC's quote was frozen at the beginning of last week when its difficulties in effecting a merger with Simplicity Pattern, the cash-rich U.S. group, had become urgently obvious.

The deal with Cook had been agreed in outline at the end of last week but it then became apparent that NCC had incurred hitherto unrevealed liabilities in financing its 20 per cent stake in Simplicity. It is now understood that Banque Bruxelles Lambert and Marine Midland were together owed about $35m in this connection.

Cook had acquired a stake of 11 per cent in NCC at the turn of the year and is now required to make an offer for the outstanding shares at a price of 25p per share. The Takeover Panel was consulted before Cook opened its negotiations at a substantial discount to the suspension price and the Panel allowed the bid to go forward in the light of NCC's "special circumstances."

Mr Lacey and his long-time associate Mr McBride left the NCC board on Tuesday and Mr Ned Cook, head of Cook International, has taken over as chairman. Other Cook appointments to the NCC board are Mr E. Patry, Mr J. McLeary and Mr P. Thompson, NCC's finance director, Mr Alan Dodd, will stay on as an executive.

The new board said yesterday that it "intends to put in hand immediately a thorough review of the business activities, assets and liabilities of the company, including an independent accountant's report."

Cook acquired 9.4 per cent of NCC last December by way of a put option against Mr Lacey and Mr McBride at a price of 100p per NCC share.

Cook has exercised this option but it has not yet been completed by the other parties and Cook may take legal action to ensure that the contract is closed.

NCC's stake in Simplicity, which even at recent depressed price levels is worth more than Cook's price for NCC, is expected to be sold quickly. Among the prospective buyers are Mr Victor Posner's South Eastern Public Services, which sold NCC much of its original Simplicity holding a year ago.

Another candidate is Mr Carl Icahn, who blocked NCC's intended merger by subsequently buying a 13.3 per cent in Simplicity. Mr Alan Bond, head of the fast-expanding Australian mineral resources group, Bond Corporation, later acquired that holding and committed its backing to NCC but has recently dropped all dealings with Mr Lacey.

The receivers were appointed last week by Northern Bank Development Corporation, a subsidiary of Midland Bank, which has lent BMCT an estimated £10m secured on the value of its holding in NCC. Cook's offer is "believed by Northern Bank to provide the best protection of the interest of NCC and the other shareholders."

Cook's offer will lapse on a reference to the Monopolies Commission but it will be renewed "if the Government decides that the acquisition may proceed."

See Lex

Charterhall buys 70% of Radial Resources

Charterhall, the natural resources investment holding company, has agreed to buy 70 per cent of Radial Resources, a Calgary, Alberta-based oil and gas exploration company in a deal worth C$452,000 (£207,505) and to inject further cash into the company.

The acquisition is conditional upon the approval of the Canadian Foreign Investment Review Agency, but Charterhall believes that this will be forthcoming.

Charterhall is acquiring 1,413,785 Radial shares at an average price of 32 cents. It also intends to inject further funds into Radial to build up the company's business.

Charterhall is particularly keen to develop Radial's listed company status on the Alberta and British Columbia stock markets and also to take advantage of a Canadian company's position to future undertakings.

The Canadian government's energy policy gives significant advantages to Canadian owned companies, although Charterhall says it is unlikely to reduce its holding below 50 per cent.

Mr Derek Williams, the Charterhall chairman and chief executive, said yesterday that acquisition would make available to the company an established Canadian office and management team.

Radial was established in 1974 and has assets in Alberta and British Columbia. The eventual aim is to merge Radial with Charterhall's Canadian subsidiary.

Sketchley paying £7.2m for U.S. linen hire group

WITHIN a week of conceding defeat in another U.S. takeover battle, Sketchley has announced agreement in principle on a $13m (£7.2m) cash acquisition of Rentex Services, a U.S. linen rentals business.

Rentex is very much smaller than Means Incorporated, the Chicago-based company for which Sketchley bid $40.6m (£22m) in February only to see itself outbid by ARA Services. But Sketchley stressed yesterday that Rentex looked "a company with first class expertise" which could provide a platform for further growth in the U.S. market.

It is quoted on the Over-The-Counter market in the U.S. though only about one-quarter of its equity is freely traded, the rest being closely held by members of the founding Gitlow family.

While the board has agreed the Sketchley takeover, it has also been accepted in principle by four members of the Gitlow family who control 58 per cent of the ordinary shares.

Rentex is based in New Jersey and operates in six states of the U.S. It earned $1.2m on revenues of $33.7m in the year to last November. Shareholders' funds then amounted to $12.6m.

Until last Monday, the company appeared to be heading for a very different future. Mr Bernard Gitlow, Rentex's president, and Mr Herman Gitlow, its chairman, were intending to participate with a group of private investors in a leveraged management buy-out of the company's assets. These would have been hived down into another company for the purpose, leaving Rentex's other shareholders in possession of a closed investment company.

Mr Gerald Wightman, Sketchley's chairman, said simply that the new deal "looked a better one" to the Rentex board and he expected final completion very shortly.

The Gitlow family would retain the management of Rentex, said Mr Wightman, whose board has been advised by Morgan Grenfell in London and New York.

Sketchley is already planning two further minor U.S. acquisitions in the linen rental business which will be based upon Rentex. More particularly the UK company will be looking to Rentex for expertise with which to develop its hospital linen rentals business in this country as well as the U.S. Hospitals at present account for about 35 per cent of Rentex's total customer base.

BASE LENDING RATES

A.B.N. Bank	13 %	Grindlays Bank	‡13 %
Allied Irish Bank	13 %	■ Guinness Mahon	13 %
American Express Bk.	13 %	■ Hambros Bank	13 %
Amro Bank	13 %	Heritable & Gen. Trust	13 %
Henry Ansbacher	13 %	■ Hill Samuel	§13 %
Arbuthnot Latham	13 %	C. Hoare & Co.	†13 %
Associates Cap. Corp.	13 %	Hongkong & Shanghai	13 %
Banco de Bilbao	13 %	Kingsnorth Trust Ltd.	14 %
BCCI	13 %	Knowsley & Co. Ltd.	13½%
Bank Hapoalim BM	13 %	Lloyds Bank	13 %
Bank Leumi (UK) plc	13 %	Mallinhall Limited	13 %
Bank of Cyprus	13 %	Edward Manson & Co.	14 %
Bank Street Sec. Ltd.	14 %	Midland Bank	13 %
Bank of N.S.W.	13 %	■ Samuel Montagu	13 %
Banque Belge Ltd.	13 %	■ Morgan Grenfell	13 %
Banque du Rhone et de la Tamise S.A.	13½%	National Westminster	13 %
Barclays Bank	13 %	Norwich General Trust	13 %
Beneficial Trust Ltd.	14 %	P. S. Refson & Co.	13 %
Bremar Holdings Ltd.	14 %	Roxburghe Guarantee	13½%
Brit. Bank of Mid. East	13 %	E. S. Schwab	13 %
■ Brown Shipley	13 %	Slavenburg's Bank	13 %
Canada Perm't Trust	13½%	Standard Chartered	13 %
Castle Court Trust Ltd.	13½%	Trade Dev. Bank	13 %
Cavendish G'ty T'st Ltd.	14 %	Trustee Savings Bank	13 %
Cayzer Ltd.	13 %	TCB Ltd.	13 %
Cedar Holdings	13 %	United Bank of Kuwait	13 %
■ Charterhouse Japhet	13 %	Whiteaway Laidlaw	13½%
Choulartons	14 %	Williams & Glyn's	13 %
Citibank Savings	¶13½%	Wintrust Secs. Ltd.	13 %
Clydesdale Bank	13 %	Yorkshire Bank	13 %
C. E. Coates	14 %		
Consolidated Credits	13 %		
Co-operative Bank	*13 %		
Corinthian Secs.	13 %		
The Cyprus Popular Bk.	13 %		
Duncan Lawrie	13 %		
Eagil Trust	13 %		
E.T. Trust	13 %		
Exeter Trust Ltd.	14 %		
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
Robert Fraser	14 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 10%, 1-month 10.25%. Short term £8,000/12 month 12.6%.

† 7-day deposits on sums of: under £10,000 10¼%, £10,000 up to £50,000 11%, £50,000 and over 11½%.

‡ Call deposits £1,000 and over 10%.

‖ 21-day deposits over £1,000 11¼%.

§ Demand deposits 10¼%.

¶ Mortgage base rate.

'Significant advantages' in Pearson merger

INDEPENDENT directors of Pearson Longman, the publishing group whose interests include the Financial Times, have told shareholders that there are "significant advantages" if the company merges fully with S. Pearson & Son.

Last month S. Pearson, whose activities range from banking to industrial and leisure interests, made an offer worth £82m for the publicly held minority interest of 38.4 per cent in the group's separately quoted subsidiary, Pearson Longman.

In the offer document the independent directors of Pearson Longman, who are not also directors of S. Pearson or associated with the Pearson family, say that they have decided to recommend shareholders to accept the offer.

Since it first obtained a listing on the Stock Exchange in 1967 Pearson Longman has operated as a subsidiary of S. Pearson. "It has long been felt, however, that significant advantages to both sets of shareholders would accrue from a full merger of the two companies," say the directors.

The merger would remove the inherent limitations and difficulties when two separately listed companies with different sets of shareholders form part of the same group. It would also give greater freedom to make the best use of financial resources in a tax efficient manner within "a single expanded organisation."

Both boards also believed that, on appropriate terms, Pearson Longman holders would benefit by exchanging their shares for an interest in a more broadly based and less cyclical range of businesses while retaining a major stake in the publishing sector.

The offer is 22 Pearson shares for every 15 existing Pearson Longman shares, together with a full cash alternative. The recommendation of the offer takes account of the price offered, the availability of a full cash alternative, the relative trading performances of Pearson and Pearson Longman in recent years, the prospects for both companies, and the commercial arguments in favour of a merger with Pearsons.

SHARE STAKES

Burton Group — Raymond M. Burton, a director, sold 30,000 ordinary shares on April 29. W. Michael Wood, a director, bought 30,000 warrants on April 30.

Albert Fisher Group — Following recent rights issue A. E. Millar, director, now holds 867,160 ordinary shares (14.45 per cent) and P. C. Colling, a director, 3,235 ordinary shares. In addition, P. D. Brown holds 699,160 (11.65 per cent).

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$300	4	40	—	—	—	—	$338.50
GOLD C	$350	41	6	6	23	—	—	"
GOLD C	$375	15	1.50	5	13.50	—	—	"
GOLD C	$400	2	1 A	35	7	10	16	"
GOLD C	$425	—	—	75	4	—	—	"
GOLD P	$325	25	3.10 B	16	14	1	16	"
GOLD P	$350	—	—	77	26	5	25 B	"
GOLD P	$375	20	36.10	7	43 A	—	—	"
12¾ NL 81 87-91								
C	F.107.50	10	8.10 B	—	—	—	—	F.115.70
C	F.110	—	—	15	5.60	550	5.90	"
C	F.112.50	5	3.10 B	5	3.40	100	3.70	"
C	F.115	5	1.10	105	2	48	2.50	"
C	F.117.50	—	—	1400	0.70	225	1.50	"
P	F.110	—	—	—	—	100	0.50	"
P	F.115	—	—	100	1	—	—	"
10¾ NL 80 86-95								
C	F.102.50	—	—	—	—	50	3	F.103.50
C	F.105	—	—	10	1.20	4	2	"
11½ NL 82 88-92								
C	F.100	—	—	—	—	20	5.50 B	F.105.40
C	F.102.50	207	2.80 B	5	3	—	—	"
C	F.105	—	—	—	—	42	2.30	"
C	F.107.50	—	—	—	—	85	1	"
		July		Oct.		Jan.		
ABN C	F.280	50	16 B	—	—	—	—	F.292.50
ABN C	F.300	—	—	11	7	2	11	"
ABN P	F.280	50	1.50	2	3.10	—	—	"
AKZO C	F.20	2	9.20	—	—	—	—	F.29.30
AKZO C	F.22.50	5	6.80	—	—	—	—	"
AKZO C	F.25	10	4.40	—	—	—	—	"
AKZO C	F.27.50	10	2	—	—	—	—	"
AKZO C	F.30	100	0.80	5	1.70	—	—	"
AKZO C	F.32.50	10	0.30	10	1	—	—	"
AKZO P	F.30	15	2.70	—	—	—	—	"
AMRO C	F.50	4	5	8	5	—	—	F.55
AMRO C	F.55	15	1.30	16	3.20	10	2.50	"
HEIN C	F.60	10	1.60	—	—	—	—	F.58.50
HEIN P	F.50	—	—	3	0.90	—	—	"
HOOG C	F.17.50	—	—	2	1.50	—	—	F.15.90
IBM C	$66	—	—	—	—	1	5¾	$66
KLM C	F.90	5	16.50 B	4	19	—	—	F.103.70
KLM C	F.100	12	9.30 B	16	13.50	—	—	"
KLM C	F.110	15	5	4	9 e	—	—	"
KLM C	F.120	55	2.40	5	4.70	—	—	"
KLM P	F.90	23	1.80	—	—	—	—	"
KLM P	F.100	42	4.50 A	—	—	—	—	"
KLM P	F.110	5	3.50	—	—	—	—	"
NEDL C	F.120	24	7.40	—	—	—	—	F.125
NEDL C	F.130	23	1.90	25	3.40	—	—	"
NEDL P	F.110	—	—	25	3.80	—	—	"
NEDL P	F.120	3	3.80	12	9.20	—	—	"
NEDL P	F.130	10	16	—	—	—	—	"
NATN C	F.110	—	—	2	6.50	—	—	F.117.80
NATN C	F.115	12	3	—	—	2	5.30	"
PHIL C	F.22.50	114	2.30	16	2.80	15	3.20	F.24.60
PHIL C	F.25	19	0.80	15	1.40	45	1.70	"
PHIL C	F.27.50	12	0.20	122	0.60	—	—	"
PHIL P	F.25	20	1.60	—	—	—	—	"
POLA C	$20	—	—	4	1⅞	—	—	$20
RD C	F.90	142	3.30	34	5	—	—	F.93
RD C	F.100	9	0.90	3	1.70	6	2.90	"
RD P	F.90	11	4	20	5	5	6.50	"
UNIL P	F.140	2	0.60	—	—	—	—	F.156.50
UNIL P	F.150	6	4	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS: 4732

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

May 6, Total Contracts 1,588 Calls 1,131 Puts 457

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	280	42	4	50	—	—	—	310p
BP (c)	300	30	—	38	3	44	—	"
BP (c)	330	10	18	20	53	26	2	"
BP (p)	300	15	5	24	15	30	—	"
BP (p)	330	28	2	38	3	44	—	"
CU (c)	140	6	—	10	1	14	—	125p
Cons. Gld (c)	420	14	8	20	1	27	—	387p
Ctlds. (c)	50	36	—	—	—	—	—	85p
Ctlds. (c)	70	18	20	22	—	—	—	"
Ctlds. (c)	80	11½	8	14	1	18	—	"
Ctlds. (c)	90	6	30	9	5	12	—	"
GEC (c)	800	82	3	110	1	138	—	862p
GEC (c)	850	42	6	76	—	95	—	"
GEC (c)	900	12	6	50	10	62	—	"
GEC (p)	850	28	8	34	25	48	12	"
Grd Met. (c)	200	19	14	25	4	30	—	215p
Grd Met. (c)	220	7	1	13	—	18	—	"
Grd Met. (p)	180	2	—	5	—	—	—	"
Grd Met. (p)	200	5	17	12	—	15	—	"
Grd Met. (p)	220	16	84	22	—	28	—	"
ICI (c)	300	52	7	42	—	50	—	322p
ICI (c)	330	15	18	26	—	30	1	"
ICI (c)	360	4	9	11	—	—	—	"
ICI (p)	300	3	3	12	—	15	—	"
ICI (p)	330	20	34	64	—	28	—	"
ICI (p)	360	42	5	46	—	—	—	"
Land Sec. (c)	280	16	4	28	—	37	—	285p
Mks & Sp. (c)	120	39	3	—	—	—	—	158p
Mks & Sp. (c)	130	29	—	32	6	—	—	"
Shell (c)	390	34	8	44	—	52	—	408p
Shell (c)	420	18	1	26	16	34	1	"
Shell (p)	360	6	52	16	—	—	—	"
Shell (p)	390	14	3	22	—	28	—	"
Shell (c)	420	25	—	34	3	40	—	"
		May		August		November		
Barclays (c)	420	30	—	50	—	60	1	448p
Barclays (c)	460	4	1	25	—	35	—	"
Barclays (c)	500	1	—	9	—	20	8	"
Barclays (p)	460	20	1	25	6	30	—	"
Imperial (c)	80	17	16	20½	—	24	—	97p
Imperial (c)	90	7½	51	14½	152	15½	1	"
Imperial (c)	100	1½	—	7½	152	10½	1	"
Imperial (p)	90	1	—	2½	100	5½	—	"
Imperial (p)	100	4½	2	7	—	9	—	"
Lasmo (c)	300	45	—	62	1	80	—	347p
Lasmo (c)	330	17	2	42	—	64	—	"
Lasmo (c)	360	5	—	28	15	47	—	"
Lonrho (c)	80	½	—	3	—	4½	1	70p
Lonrho (p)	70	3	5	4	—	5½	—	"
Lonrho (p)	80	12	1	12	—	15	1	"
P & O (c)	110	34	15	—	—	—	—	145p
P & O (c)	120	24½	96	27	9	50	—	"
P & O (c)	130	15	87	16	—	22	24	"
P & O (c)	140	6	35	11	18	15	10	"
Racal (c)	330	68	6	78	—	90	—	395p
Racal (c)	360	38	5	53	20	68	—	"
Racal (c)	390	10	51	28	7	45	4	"
Racal (c)	420	2	6	12	—	25	20	"
Racal (p)	390	7	—	21	25	25	—	"
Racal (p)	460	67	—	72	20	—	—	"
RTZ (c)	390	55	2	70	—	80	—	444p
RTZ (c)	460	5	2	25	12	35	—	"
RTZ (c)	500	½	—	14	2	—	—	"
RTZ (p)	420	2	10	12	—	26	—	"
RTZ (p)	460	25	4	35	10	44	—	"
Vaal Rfs. (c)	45	3	—	6¼	—	6½	5	$45
Vaal Rfs. (c)	50	1	—	2¾	10	4	7	"
Vaal Rfs. (p)	50	5½	—	8	1	9	—	"

C=Call P=Put

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1978=100), retail sales value (1978=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1981							
1st qtr.	99.5	88.7	98	106.6	130.8	2,282	100
2nd qtr.	99.0	88.9	92	104.7	134.5	2,482	89
3rd qtr.	99.9	89.8	104	105.5	139.1	2,641	96
4th qtr.	100.3	89.9	88	105.4	168.5	2,752	104
Sept	100.4	90.5	87	103.5	138.8	2,692	97
Oct	101.7	91.5	94	106.2	147.8	2,523	99
Nov	100.1	90.0	92	105.6	158.4	2,760	104
Dec	99.2	88.3	79	104.6	193.1	2,769	108
1982							
1st qtr.						2,818	112
Jan	99.3	88.4	96	107.0	143.9	2,812	112
Feb	99.9	90.0		106.1	137.6	2,818	113
March				107.0		2,823	111
April						2,823	110

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1980							
4th qtr.	94.2	91.7	117.2	86.7	71.0	77.2	10.1
1981							
1st qtr.	93.5	88.4	117.2	84.2	75.7	76.7	10.9
2nd qtr.	93.1	88.8	118.0	84.8	78.7	75.8	14.1
3rd qtr.	93.5	89.3	118.7	86.3	77.3	75.0	14.2
4th qtr.	93.5	90.1	121.3	86.3	82.6	75.0	11.8
Aug	94.0	89.0	118.0	86.0	76.0	76.0	12.5
Sept	93.0	90.0	120.0	87.0	79.0	75.0	15.4
Oct	95.0	90.0	124.0	87.0	86.0	75.0	13.4
Nov	93.0	90.0	121.0	86.0	83.0	76.0	14.1
Dec	92.0	90.0	119.0	86.0	79.0	74.0	7.7
1982							
Jan	91.0	91.0	119.0	86.0	79.0	73.0	11.1
Feb	92.0	92.0	119.0	88.0	84.0	74.0	14.8

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1980							
4th qtr.	126.4	111.4	+1,265	+2,114	+222	105.2	27.90
1981							
2nd qtr.							26.73
4th qtr.	132.4	126.4	+552	+1,470	+698	99.8	23.35
Feb	118.9	107.8	+334	+767	+230	105.1	28.43
March		102.9					28.21
April		104.7					28.07
Sept	129.8	129.2	+ 58	+191	+291	99.6	23.70
Oct	132.4	122.2	+296	+602	+ 74	98.9	23.32
Nov	134.4	136.3	− 79	+227	+205	100.1	23.46
Dec	130.6	120.6	+335	+641	+419	100.4	23.35
1982							
Jan	119.5	123.4	−132	+348	+168	101.2	23.23
Feb							23.37
March							18.97
April							18.16

Trade figures for March-August 1981 not available because of Civil Service dispute.

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1981							
1st qtr.	6.8	8.8	12.4	+1,308	1,081	1,884	12
2nd qtr.	23.1	17.3	6.5	+4,250	1,103	1,936	12
3rd qtr.	8.1	18.1	29.7	+5,938	868	2,019	
4th qtr.				+2,173	422	1,980	
June	21.9	17.8	8.6	+1,164	371	674	12
July	14.2	17.2	19.8	+2,240	290	658	12
Aug	0.8	14.5	35.4	+1,240	244	659	—
Sept	9.7	22.8	34.3	+2,458	334	706	—
Oct	− 4.7	20.2	24.0	+1,552	154	681	—
Nov	7.6	17.3	20.4	+ 445	65	642	—
Dec				+ 176	203	657	—
1982							
Jan				+1,338	356	654	
Feb				+ 846	347	691	

INFLATION—Indices of earnings (Jan 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1981							
1st qtr.	195.3	213.8	212.3	280.4	268.7	261.56	101.4
2nd qtr.	202.2	225.8	219.4	294.0	277.0	245.07	97.8
3rd qtr.	209.9	235.9	224.1	299.1	278.8	260.83	90.6
4th qtr.	214.6	237.3	229.2	306.5	285.6	248.97	89.7
Oct	212.5	238.2	227.8	303.7	282.7	259.12	88.2
Nov	214.3	236.9	229.4	306.9	285.5	245.79	90.1
Dec	217.1	236.8	230.4	308.8	288.5	245.97	90.8
1982							
1st qtr.		238.0	234.4	311.6	297.7	242.40	91.1
Jan	214.1	238.9	232.9	310.6	296.1	252.94	91.1
Feb	216.8	239.9	234.6	310.7	297.2	241.77	91.5
March		235.3	236.6	313.4	299.8	242.40	90.8
April						246.84	90.6

* Not seasonally adjusted.

Rationalisation helps Cowie

MOTOR VEHICLE dealer T. Cowie reports a pre-tax profit of £311,600 for the half year to March 31, 1982, after losing £195,000 in the same period a year earlier. This came after interest charges of £906,000, against £1.1m, but included associated company profits of £269,000, up from £164,000.

Turnover was unchanged at £44m as was tax at £81,000.

The interim dividend is being held at 0.8p per share. The previous total of 1.6p was paid from a pre-tax profit of £334,000 for the year. Midway earnings per 5p share are given as 1.15p, against a 3.06p loss.

The directors say that, while conditions are still difficult, the group is reaping the benefits of rationalising operations last year. If seasonal factors help to produce better second-half returns, as usual, significantly better annual figures for the current year are expected.

They say margins in the motor division are still under extreme pressure, but reorganisation has brought better performance. The coach and travel division has had a dramatic turnround and shows every indication of being profitable for the full year.

In the finance division, joint venture operations with Forward Trust are improving their contributions. The agriculture division is breaking even and could make a profit in the second half.

● comment

No wonder Tom Cowie is smiling. Sunderland Football Club, where he is also chairman, has fought back from the precipice of relegation and Cowie Group, the motor distributor he created, has driven out of be red. All Sunderland seemed to need was one new player, Cowie Group took a little more effort. The Ewer acquisition and Eastern Tractor, Ewer's purchase at the time of Cowie's bid which caused so much mud slinging, have been cleaned up. Much of the £100,000 improvement to a £282,000 profit from the motor division is thanks to loss elimination, in particular the closure of Ewer's Ipswich site. Eastern Tractor has been dramatically pruned and though still losing a lot of money the second half should be in the black. Yet the really impressive figure is the £250,000 reduction in Grey Green coach losses. The BR strike helped the poor seasonal half but that is only part of the story. Full year profits will now be in the £1½m to £1¾m range — a fully taxed p/e of under 10 at 32½p — and the dividend may come in for some restoration next year. Meantime, Ewer has not soured Cowie's acquisitive ambitions. Other purchases are under consideration. But with 100 per cent capital gearing Cowie is not going to be too free with its cheque book. Though it does have £1.7m of property up for sale.

Aberdeen Constrn. pays more

FULL YEAR profits before tax edged ahead at Aberdeen Construction Group from £3.59m to £3.8m for 1981. In the second half, however, the pre-tax result was slightly lower at £2.4m against £2.47m.

The dividend has been lifted from 6.43p to 7.17p net with a final of 4.77p. Earnings per 25p share are given as 22.23p (21.53p), without taking into account a previous stock relief release.

Group turnover showed a modest rise from £76m to £77.13m. After tax of £1.35m, against a previous credit of £1.19m minorities, and an extraordinary debit last time of £16,872, attributable profits emerged lower at £2.45m (£4.76m).

On a current cost basis pre-tax profits are shown as £1.45m (£1.05m).

CHRIS MORAN

In connection with the offers by Chesterlodge for the shares of the Christopher Moran Group, Coni, Gilbert & Sankey report that acceptances have been received for 16.43m shares representing 94.68 per cent of the shares of CMG.

P. C. Henderson recovers to £2.5m

REPRESENTING continued recovery pre-tax profits of P. C. Henderson Group, manufacturer of garage and industrial doors and sliding-door gear, jumped from £525,000 to £1.38m in the second half of 1981-82. This takes the total for the year ended February 27, 1982, up by just over £1m to £2.49m and compares with the record £2.79m achieved in 1979-80.

The dividend is lifted from 5p to 10p per share net, with a final of 7.25p. This compares with a forecast of a final of not less than 7p.

Mr Pat Gaynor, chairman, says that the "substantial recovery" from the depressed level of 1980-81 has been achieved in trading conditions which have remained difficult, with flat demand and continuing strong competition.

He says that the growth in sales value of 9 per cent to £31.89m reflects little or no real increase, taking into account inflation as it affects the business. The improvement has come from tight control of costs and working capital. The chairman says that the year has also reaped the benefits of stringent action to reduce expenses. Margins overall improved from 5 per cent to 7.8 per cent.

Mr Gaynor reports that the group's traditional sliding-door gear and garage door division has done well and the subsidiaries in New Zealand, Norway and South frica have produced excellent results. The net contribution of all overseas subsidiaries to the year's profit was up from 19 per cent to 29 per cent.

The industrial door division again experienced shrinking demand in the UK and earned a lower return on capital.

The chairman says that the improved profits coupled with inventory reductions, has enabled a positive cash flow of over £2m to be generated so that at the year end there was a cash surplus. He points out that payment of the cash portion in respect of the acquisition of Normand Electrical, in February this year, had resulted in some utilisation of the company's facilities.

Adjusting for this and for Normand's own borrowings, the year-end gearing on the enlarged group's total shareholders' funds would be under 20 per cent.

Current management accounts of the Normand group indicate that it has now returned to profit and demand for its products is improving. Normand—which had achieved profits of over £1m in the three years up to 1979-80 —saw profits fall away to £451,000 in 1980-81 and in the first half of its current year there was a loss of £89,000.

The chairman says that outlook for the whole group in the current year is "not discouraging." In common with most of manufacturing industry, the company does not see a rapid growth in demand. However, with the much reported improvement in the housing market he feels it is reasonable to expect some uplift in the company's traditional trade in the year.

Henderson's profit was struck after an exceptional charge of £49,000 (£565,000) and interest of £189,000 (£377,000) and included associates profits of £45,000 (£46,000) and rents received £171,000 (£115,000).

After tax of £1.02m (£641,000) earnings per share came out at 31.1p (17p).

● comment

The previous year's slimming exercise clearly put Henderson back on course in a tough market. Though not in a glamour industry, and a strong balance sheet has proved its resilience, helping give the share price a sharp lift over the past 12 months — shaking off many a would-be predator. For significant future growth the group must look to its recent acquisition Normand Electrical where there is much scope to develop its small but broadly based foothold in electrical motors. The company is also considering extending its involvement in industrial security through the purchase of an entrepreneurial business in the U.S. Meanwhile the outlook must be based on further expansion of the overseas business and on the pick-up in the house building market at home. Yesterday's 10p jump in share price to 182p still left the group on a somewhat vulnerable fully-taxed historic p/e of around 11.

Cindico joins Nightingale market

Cindico, manufacturer of nursery equipment, is joining the market created by M. J. H. Nightingale.

Nightingale has placed 700,000 shares at 240p, or 44 per cent of Cindico's equity, with various financial institutions.

The placing capitalises the company at £3.79m. Between 1976 and 1981, Cindico increased sales from £1.9m to £6.5m while pre-tax profits advanced from £83,000 to £573,000.

The directors forecast that profits for 1982 should be not less than £725,000.

Shares in Cindico have been made available by the family trust of Mr Richard Downs, the chairman, and the Industrial Commercial Financial Corporation.

Trading in the shares is expected to begin today. Cindico is the 22nd company to join the Nightingale market.

Brixton Estate pays more

PROFITS, before tax, of Brixton Estate, property development and investment company, expanded from £3.07m to £5.39m for the 1981 year, and the dividend is effectively lifted to 3.5p, against 2.63p, with a final payment of 1.95p net per share.

Earnings are shown as 5.15p (4.33p) per share.

Net rental income for the year amounted to £12.31m, compared with £10.56m, and investment profits were well ahead at £6.13m (£3.64m).

After much higher tax of £1.97m, against £907,000, and a £581,000 (£667,000) transfer from reserves, net attributable profits emerged at £4m, compared with £2.83m, of which ordinary dividends will absorb £2.72m (£1.84m).

The directors say the company is continuing its policy of acquiring suitable properties for development, in both the UK and overseas, and a number of schemes are currently being actively pursued. The board is satisfied that adequate funds are available.

There was a valuation of the company's completed and let properties, both in the UK and overseas, as at December 31 last which revealed a surplus over book value of £10.3m.

Milletts at £0.9m after good second six months

SECOND-HALF taxable profits of Milletts Leisure Shops advanced from last time's £534,000 to £819,000 and lifted the total for the year to February 1 last to £915,000, compared with £840,000.

The full year result included a £553,000 (£235,000) surplus on the sale of properties because of resiting of shops, and a lower share of associate losses, down from £36,000 to £20,000. However, depreciation was higher at £513,000 (£436,000) and interest charges took more at £559,000 (£412,000).

Turnover of this leisurewear retailer improved from £16.64m to £17.74m.

Mr Alan Millett, the chairman, points out that the normal pattern of the group's trading is for a major portion of the year's profit to be made in the second six months. This pattern, he says, "looks set to continue."

He adds that trading in the current year will again be competitive but he believes the group is strong and in a position to take full advantage of any trading opportunity and is also ready for an upturn in the economy when it arrives.

Earnings per 20p share are given as 10.7p (18.2p) but a same-again final dividend of 4p holds the net total at 6.25p.

Tax took £361,000 (£1,000 credit) and after dividend payments of £312,000 (£361,000) the retained balance emerged at £242,000 (£542,000 including an extraordinary credit of £62,000).

Reviewing the 12 months the chairman says the cycle of the group's capital expansion programme was substantially completed during the year. New shops were opened or resited in Plymonth, Lancaster, Jersey, Walsall and Cardiff.

In Scotland it was decided to close an unprofitable unit at Kirkcaldy.

Over the year the group concentrated on exercising stringent cost control at all levels, and this policy is continuing.

● comment

From a £171,000 trading loss at the interim stage, Milletts has managed to pull itself into the black with the aid of a reasonable Christmas season. The company says the bulk of last year's profits were earned at the Yuletide season and this seasonal element in profitability is likely to remain as long as consumer spending remains depressed. Borrowings went up slightly in the year, but the balance sheet is not badly stretched. With little sign of brightening trading conditions, the property element is likely to remain the major element in Millett's pre-tax profits. The shares gained 5p in a weak market and at 100p, the maintained dividend gives a yield of more than 10 per cent.

1928 INVESTMENT TRUST ADVANCES

Gross revenue of the Nineteen Twenty-Eight Investment Trust advanced from £3.01m to £3.29m for the year to March 31 1982 and at the pre-tax level profits emerged at £2.97m, compared with £2.61m the previous year.

Earnings per 25p share were 4.92p (4.62p) and a final dividend of 2.75p (2.4p) lifts the net total to 4.75p (4.4p). Net asset value per share improved to 117.3p (113.4p).

Companies and Markets — **UK COMPANY NEWS**

Matthew Hall on target with £10m

TAXABLE PROFITS of Matthew Hall & Company, oil and chemical engineer, improved from £9.21m to £10.34m for the year 1981, matching mid-year predictions when profits of £7.67m were returned, compared with £6.83m.

Full year turnover rose to £329.25m (£253.66m) and at the trading level profits emerged at £5.81m, against £5.69m.

The pre-tax figure included interest received of £4.53m (£3.73m) but was subject to tax of £2.09m (£406,000)—last year there was also an exceptional tax credit of £7.86m. Minorities came through as a credit this time of £5,000 (£4,000 debit).

Stated earnings per 25p share were 24.18p (25.75p adjusted and excluding exceptional tax credit) but a final dividend of 4.03p raises the net total from the equivalent of 4.263p to 5.116p.

The directors are following a policy of acquisition and development overseas "to meet the challenges of the future and to minimise dependence an any one economy." They say they are determined to maintain the tradition of improving performance year on year and point out that the group has started 1982 with a good order book.

Mr Dennis Garrett, the chairman, said later that he saw the company's situation as "probably encouraging" at the moment with the first quarter comparing favourably with last year, but added that there was "quite a way to go to the end of the year."

A divisional breakdown of trading profits shows: oil, minerals, coal and chemical engineering £2.68m (£3.01m); mechanical and electrical services £3.13m (£2.67m).

On a CCA basis pre-tax profits were £9.58m (£8.42m) and earnings per share 21.94p (23.43p).

The downturn from the oil, gas and chemical engineering companies was after talking into account the costs of expansion in the U.S., Australia and S. E. Asia and the development of new design techniques. The UK performance was strong and Holland traded satisfactorily despite difficult conditions.

Australia has expanded into materials handling projects. The integration of the recently acquired Barnard and Burk Group in the U.S. is proceeding satisfactorily. The mining sector had to contend with the decline in mining investment worldwide and also development costs incurred to prepare for the prospective upturn.

Asked about North Sea work at a press conference the directors said they saw signs of a hiccup but added "There is still a great deal of work to be done there and we aim to keep our market share to the best of our ability."

The group is also expanding this sort of work overseas—to Indonesia, Brazil and, more recently, the West Coast of America. It is still interested in expansion, particularly building up its mining service in the U.S., but acquisitions "are not easy to find."

● comment

At the trading level, Matthew Hall's progress in 1981 has emerged at a not very inspiring 2.2 per cent, superficially giving a little retrospective justification to the recent slippage in the share price, from a 1982 peak of 233p to 194p yesterday. The comparison with 1980 is rendered unflattering by an extra £¾m or so of development costs written off this time; in the absence of which profits on the engineering side might have risen by about 15 per cent, whereas they actually fell by a tenth. Hall's £10m profit forecast has been achieved, with a little to spare, thanks largely to a 22 per cent jump in interest income. Even after the acquisition of Barnard and Burk—which gives the group a footing in the U.S. contracting scene—net cash at the year-end was something over £26m. Roughly half is tied up in contracts, but the remainder is free to finance another acquisition, if anything suitable can be found. The funds are held in sterling, so at lower average rates, they may prove less productive this year. Against that, B and B ought to contribute around £1¼m, and the order position is a little better (except possibly in mining projects). Yielding 3.8 per cent on a fully-taxed historic multiple of 13, the shares are still at a premium to those of Hall's competitors, but less strenuously than they were a few weeks back.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Kwik Save Discount, M.Y. Dart, Moss Engineering, Richards, Royal Bank of Scotland, Sungei Bahru Rubber Estates, Thames Investment and Securities, Transvaal Consolidated Land and Exploration.

Finals: Altifund, Doranakande Rubber Estates, Garner Booth, Gerrard and National, Norman Hay, Helical Bar, Marshall's Universal, Mioty, Platnum, Pritchard Services, Save and Prosper Linked Investment Trust, Francis Sumner, UDS.

FUTURE DATES

Interims—	
Morland	May 28
Northern American Trust	May 18
Pleasurama	May 20
Finals—	
Costain	May 11
First Castle Electronics	May 11
Holt Lloyd International	May 13
Land Securities Invest. Trust	May 17
Mattoy	May 14
Nurdin and Peacock	May 12
Ovenstone Investments	May 7
Selincourt	May 17
Smurfit (Jefferson)	May 12
Zambia Consolidated Copper Mines	May 10

LASMO profit higher in first quarter

FIRST QUARTER 1982 profits, before tax, of London and Scottish Marine Oil are running marginally above the corresponding figures for last year, Mr Geoffrey Searle, chairman, told shareholders at yesterday's annual meeting.

He said that the profit position after tax was not so clear because in the first quarter it was difficult to assess the tax charge for the year and to allocate a part of that to each quarter. The amount of capital allowances available to the company is now a significant factor. The tax charge for the year immediately ahead will be materially affected by the company's capital expenditure programmes, said Mr Searle.

Referring to the company's interests in the T Block, the Andrew Field and also in the Columba Field, south of Ninian, the chairman said these developments are being held back by uncertainties of costs, of prices and particularly of tax.

He said that oil reserves such as these will not be left in the ground but it is difficult to put a date on their development. Meanwhile much valuable work is being done on alternative production systems which could reduce capital costs and the time required to bring the field into production.

The chairman reports that Ninian is expected to average just over 300,000 barrels of oil daily, the company's share being about 28,000. Gas production from Hewitt is expected to be about the same as in 1981. Oil production in the U.S. is expected to average over 2,000 barrels per day, an increase of 35 per cent on 1981.

Yearlings total £22m

Yearling bonds totalling £21.9m at 13⅛ per cent redeemable on May 11 1983 have been issued this week by the following local authorities.

Staffordshire CC £2m; Alnwick DC £0.25m; Basildon DC £0.5m; Eastleigh (Borough of) £0.25m; Ogwr BC £0.4m; Roxburgh DC £0.5m; Salisbury DC £0.5m; Tandridge DC £0.25m; Warrington BC £1.25m; Welwyn Hatfield DC £0.5m; Wrekin (The District of The) £0.5m; Amber Valley DC £0.5m; Cumbernauld and Kilsyth DC £0.25m; Mendip DC £0.5m; Milton Keynes (Borough of) £0.25m; Newham (London Borough of) £1.25m; Salford (City of) £0.5m; Wellingborough (Borough of) £0.25m; Liverpool (City of) £2m; Edinburgh (The City of) DC £1.5m; Lambeth (London Borough of) £0.5m; Allerdale DC £0.25m; Brent (London Borough of) £0.5m; Redbridge (London Borough of) £0.5m; Kensington and Chelsea (Royal Borough of) £0.75m; Leeds (City of) £0.5m; Medina BC £0.5m; Restormel BC £0.5m; Tameside Metropolitan BC £0.75m; Cardiff (City of) £2m; Cynon Valley (Borough of) £0.25m; Warwickshire CC £1m.

Sedgefield DC has issued £0.5m of 14 per cent bonds at par for redemption on May 2 1984.

SPAIN

May 5	Price %	+ or −
Banco Bilbao	344	
Banco Central	333	−1
Banco Exterior	304	−6
Banco Hispano	306	
Banco Ind. Cat.	114	
Banco Santander	315	−3
Banco Urquijo	204	
Banco Vizcaya	358	
Banco Zaragoza	245	
Dragados	145	
Espanola Zinc	69	
Fecsa	65.2	
Gal. Preciados	40	
Hidrola	65	
Iberduero	56	−1.5
Petroleos	90.2	−0.3
Petroliber	99	
Sogefisa	8	∓1
Telefonica	72	+0.5
Union Elect.	66	∓0.5

Comfort Hotels back in profit as predicted

A STRONGER second half saw Comfort Hotels International move into the black at the end of 1981, as predicted, after a £93,000 loss at 28 weeks.

The group reports a pre-tax profit of £607,270 for the year to December 27, down from £1.4m. Turnover rose from £21.42m to £24.08m, and interest was up at £2.63m (£1.91m).

The net final dividend of 0.4p per share, for a total 0.6p, repeats the 1980 payment. Stated earnings per 10p share dropped from 2.6p to 0.88p.

Tax took more at £154,642 (£69,925) and extraordinary debits were up at £131,343 (£122,664), with minorities nil (£6,036), leaving attributable profit of £321,285 (£1.22m).

Mr M. J. Edwards, chairman, says current trading is ahead of the same period last year and 1982 results should reflect this.

Strikes restaurants had another successful year and its introduction to the Unlisted Securities Market is planned for this year.

Landmark Hotels International is making rapid progress in increasing the number of hotels managed overseas. Dayville achieved a substantial increase in turnover.

● comment

Gearing at Comfort remains only marginally lower than the top heavy 56 per cent seen at the end of 1980. Improvement in pre-tax performance in the current year, apart from some benefit of lower interest rates, must, therefore, come from a real gain in trading. An 11 per cent tariff increase in March has so far not dented the level of custom but has yet to show its full effects on the all-important tourist business through the summer months. Indications are that weaker sterling enabled the industry to halt the decline in UK occupancy levels but whether this better trend of the last six months has solid foundation is far from certain. An uncertainty reflected by the shares which slipped 1p to 17p yesterday, yielding just over 5 per cent.

London & Provincial Shop rises

PRE-TAX profits of London and Provincial Shop Centres (Holdings) expanded from £248,000 to £506,000 for the half-year ended December 25 1981, and directors forecast a total figure of £950,000 for the 12 months. Profits last year amounted to £654,000 for this property development and investment concern.

From earnings per 10p share of 2.3p (1.1p) the interim dividend is increased to 0.9p (0.6p) net.

Gross rental income went ahead from £1.41m to £1.59m at halfway — this is expected to rise to about £3.1m (£2.9m) for the year — and the pre-tax figure was after lower interest of £913,000 (£1.02m).

An independent professional valuation of the group's investment properties is to be carried out as at June 24 1982.

Tax charge for the six months takes £263,000, against £129,000, leaving an available balance of £243,000 (£119,000).

UK COMPANY NEWS

MINING NEWS

Seltrust structure to be changed

BY GEORGE MILLING-STANLEY

THE financially-troubled Australian mining group Seltrust Holdings has told the Perth Stock Exchange that it is "considering a proposal to modify the share structure of the company."

British Petroleum has a 78.8 per cent interest in Seltrust Holdings through its Selection Trust subsidiary.

Yesterday's statement, made in response to a request late last week from the exchange authorities, went on to say that a decision will be made in the next few days, and a further announcement will then be issued.

The likelihood is that this brief statement does not herald the major reorganisation of BP's diverse mineral interests in Australia, which has been widely advocated.

More probably, it will involve moves to relieve BP of its embarrassment at the Australian group's inability to pay the dividends due on its "Z" preferential capital.

The betting among London analysts is that BP has decided to offer "Z" shareholders the option of converting into "A" ordinary shares, on terms somewhat more generous than the present one-for-one rate.

Seltrust "A" closed 7p lower at 47p in London yesterday, with the "Z" shares down 4p at 78p.

Improvement at Gopeng

INCREASES IN both tin concentrate output and the average price received boosted profits of the Malaysian tin producer Gopeng Consolidated for the six months to March 31.

Tin concentrate output rose by more than half to 1,180 tonnes, and the price received was up from £3,537 per tonne to £4,934. Consequently, pre-tax profits rose to £2.64m from £1.8m in the first half of the last financial year.

Another Malaysian tin producer, Pengkalen, managed to produce 30.5 tonnes in the same period, up from 23 tonnes, in spite of the fact that the company was forced to put its single dredge on a care and maintenance basis early this year following the exhaustion of all available mining land.

Pengkalen lost £36,750 before tax in the six months, compared with a loss last time of £14,250.

The company said that its insurance claim resulting from the sinking and subsequent rehabilitation of its dredge has now been agreed, and settlement is imminent.

Pengkalen said it is continuing its investigations into specific alternative mining possibilities in Malaysia.

International round-up

South African gold production rose slightly in March to 1,723,537 ounces from 1,704,339 ounces in February, but was well down on the 1,781,394 ounces produced in March of last year, according to figures from the Chamber of Mines.

The total for the first three months of the year was running below that for the same stage of 1981 at 5,110,800 ounces against 5,234,052 ounces.

* * *

New oil shale deposits have been discovered in the Rotem district of Israel's Negev Desert, reports L. Daniel from Tel Aviv.

The deposits, totalling 1bn tonnes, increase the country's known reserves by 30 per cent, mostly situated in the Negev.

The Israeli authorities are investigating the possibility of using foreign technology to extract oil from the rock, and also financing local research into new techniques.

* * *

Canada's state-owned uranium company Eldorado Nuclear is to acquire the outstanding shares in Gulf Minerals Canada in return for uranium concentrates it is holding in stock. Gulf Minerals, a subsidiary of Gulf Oil of the U.S., has a uranium mine and unexploited reserves in Saskatchewan.

Gulf Oil will use the concentrates to fulfil commitments to U.S. utilities. The amount of uranium involved has not been disclosed.

* * *

Fluor Mining and Metals, a subsidiary of Fluor of the U.S., has signed a contract with the China National Coal Development Corporation to modernise and expand the Fushun West open pit mine in Liaoning Province.

The project will cost a total of some $60m (£28m), but Fluor has not revealed the amount it will receive.

* * *

Recent drilling at Orrwell Energy's natural flake graphite find near Mont Laurier, Quebec, has boosted indicated reserves of high-grade ore to just over 1m tons, grading at least 9 per cent graphitic carbon.

The mineral has strategic applications in the nuclear reactor, military aircraft and space industries. More than half of current world output comes from the Soviet Union, China and North Korea, with none from the U.S., the world's biggest consumer.

Key to 'restoration' of Low & Bonar's fortunes

THE KEY factors in the restoration of Low and Bonar's fortunes are its restructuring, further improved efficiency of manufacturing activities, the reduction of overheads and the concentration on growth areas, Mr A. J. Miller, the retiring chairman, says in his annual report.

He adds that with fundamental changes taking place in recent years, particularly in the UK economy, it is group policy to identify areas of growth and future profits.

The group, he points out, is withdrawing from activities which do not offer such prospects and is concentrating its resources in growth areas — its investment in Flotex, travel in the UK and Australia, and in packaging, both in the UK and Canada, are given as examples of this policy.

The group's activities in Africa are substantial and will expand but "only by the utilisation of funds generated locally."

As reported on March 30, group pre-tax profits for the year to November 30, 1981 declined from £7.64m to £5.1m. The consolidated balance sheet shows fixed assets at £34.29m (£31.4m) and net current assets at £26.28m (£25.66m). Shareholder's funds totalled £51.04m (£48.12m). Mr Miller will retire from the board at the annual meeting, scheduled to be held at Dundee on June 1. He will be succeeded by Mr D. H. de Trafford, at present deputy chairman.

Sainsbury profits surge over £21m to £83.4m

IN WHAT Sir John Sainsbury, chairman of food group J. Sainsbury, describes as another year of highly successful trading, pre-tax profits expanded by £21.36m to a record £83.42m for the period ended February 27, 1982. The result was after staff profit sharing of £5.68m (£3.7m), a 53.4 per cent increase.

Sales, which included VAT of £74.7m (£58m), moved ahead from £1.59bn to £1.95bn. This is a 22.7 per cent gain, and represents a volume growth of 13 per cent.

After 28 weeks, taxable profits had advanced to £42.51m (£30.88m). A better performance from associates — profits up from £314,000 to £855,000—was largely because of a turnround in profitability of SavaCentre. Associates share at the year end was £2.5m (£1.57m).

From yearly earnings per 25p share of 23.74p (17.74p) the dividend is effectively raised to 9.75p (7.25p adjusted) with a final distribution of 6.5p net. Also proposed is a one-for-one scrip issue.

Sir John says that a record new selling area was opened during the year. The group's 17 new stores, which have a total sales area of 358,000 sq ft, exceeded their anticipated level of initial trade with those at Leeds, Walthamstow and Nine Elms "particularly outstanding;" the chairman states.

A similar opening programme is planned for the current year and will include four stores in the north west of England: Birkenhead, Liverpool, Preston and Southport, and a fourth Yorkshire store in Huddersfield.

Retail profit amounted to £86.6m (£64.39m) with retail margins up from 4.05 per cent to 4.44 per cent.

The chairman says that productivity, in terms of sales per employee, improved by a further 3.4 per cent, bringing the increase in the last five years to 28.5 per cent. This has been made possible in large part, he explains, by the scale of the group's investment programme, which for 1981/82 rose to £126m.

Tax charge for the 52 weeks was £15.42m, compared with £12.68m — there was also a deferred tax release of £15.55m last time — and there was an extraordinary credit of £2.89m (£3.93m).

See Lex

Corrective costs deepen Elbar's losses

RECTIFICATION costs of £878,787 helped push Elbar Industrial deeper in the red in 1981. This vehicle and agricultural machinery dealer and engineer reports losses of £2.28m against £1.62m. The rectification costs appear above the line as an exceptional loss. No dividend for the year is being paid — last years total was 2p, split between the interim and final.

The directors explain that in May last year, Elbar Engineering, a subsidiary, delivered to a customer what appeared to be a satisfactory and profitable contract for flotation tanks for a North Sea oil rig. Following delivery, failings were found, which proved to be quite serious. Rectification work was required on a major scale and within very narrow time limits in order to avoid delaying the float-out date of the rig.

At halfway, the group increased its losses from £393,570 to £948,512.

Turnover for the year improved from £59.8m to £66m, and operating profits were higher at £460,000 against £76,000. There were associates' losses of £9,500 (£10,000) and interest charges were up from £1.71m to £1.83m. After a tax credit of £5,000 (£541,000) there was a loss per 50p share of 55.68p (33.05p).

The directors say that Elbar Engineering, mainly as a result of the disruption to its business, suffered further losses during 1981, which by the year-end totalled nearly £1.3m. Since the end of the year, the group has disposed of Elbar Engineering without further loss.

Sales by Industrial Engines (Sales) before the end of the financial year were considerably less than expected. Large stocks of generators were sent to Iraq for the October Fair in Baghdad, and a substantial quantity remained unsold. Both these factors have resulted in a higher average level of borrowings than expected, they say, with the consequent effect on interest charges.

Through a difficult year with increased profits

- Pre-tax profits 10% higher — dividend up
- Benefits felt of very heavy capital investment
- All overseas interests improving
- "Gleams of light ahead"

Lord Boyd-Carpenter

The following are extracts from the speech to shareholders by The Rt. Hon. Lord Boyd-Carpenter, DL, Chairman.

In my speech last year the essence of the message which I tried to convey was my confidence that we could and would survive the combined impact of a world depression and a low level of activity in the construction industry in the United Kingdom. In hard weather it is the hardy who survive. But I certainly would not last year have dared to suggest that I expected that in 1981 we should produce higher pre-tax profits than those of 1980. Yet this is what I can now report.

I think it is useful to seek to analyse why this has been so. First we have made vigorous efforts to improve our service to customers. We have had in mind the truth of the placard which I saw recently in the plant of which we are part owners in Pennsylvania, "CUSTOMERS MAKE PAY DAY POSSIBLE". This has been successful to the extent that it helped to offset the fall in demand so far as our Company was concerned. Secondly, we have been able to contain our costs by concentrating our production effort on our energy economical new plant. This new plant has involved very heavy capital investment notably at our Rochester and Southam Works. This investment has turned out to have been well-timed. It is helping us to keep our costs down through a period of depression. And it has provided a reserve of capacity to enable us to take full advantage of the recovery when it comes.

CEMENT MANUFACTURE IN THE U.K.

1981 began with the same low level of demand which had been experienced in the latter part of 1980. In the second half of the year there was a modest upturn but sufficient to confirm my forecast in our half-yearly statement that the reduction in Group profits in the first half of the year would be "more than offset by the end of the year". But with the severe weather in December bringing most sites to a standstill the year finished on a disappointing note.

Nevertheless, recent developments and modernisation at our works enabled the Company to meet the fluctuating demand pattern for bulk and packed cement with a high standard of service. Particular progress was made with the handling and delivery of packed cement and results fully justified the high capital cost of installing automatic loading and palletising facilities.

Since the weather improved, demand has improved with it.

OVERSEAS

Our Australian subsidiary, Cockburn Cement Limited, has had a somewhat mixed year although its results for 1981 show an improvement on 1980 both in terms of profit and in cement and lime sales – indeed, the tonnage of cement delivered during this year was the highest since 1978. The first shipment of cement in bulk was made to the new Darwin Depot late in September last year. There is every indication that the Northern Territory will develop into an important and useful additional market for Cockburn Cement.

The Parmelia Hotel increased its contribution to the Group's profit by 40%, although half of this improvement was due to the strengthening of the Australian dollar against sterling.

In the United States, despite the effects of the present recession on the construction industry in the North East of the U.S.A., our newly acquired associated company, U.S. Cement Inc., through its 100% subsidiary, Hercules Cement Company, succeeded in improving both its sales and its share of the market.

EMPLOYEE RELATIONS

During the late spring and early summer the cement industry as a whole suffered a certain amount of industrial action. In spite of this, production and deliveries by your Company were not greatly effected. We are grateful to all those who did so much to maintain vital production and deliveries in circumstances which were difficult for all of us.

THE FUTURE

Although the cement industry, like the construction industry which it serves, is far from through its troubles, I can see gleams of light ahead. Certainly your Company has never been better prepared either to endure storm or profit from sunshine. It appears that this view is shared by many investors.

There are two problems facing this Company and the rest of this industry, alleviation of which lies in the hands of the Government. Our industry is an energy intensive one. It is therefore much affected by the surprising fact that in a country which has its own abundant supplies of oil, coal, and gas, the energy used by industry should be more expensive then in many of our European neighbours who do not have such natural national advantages.

The other problem is the burden of taxation, national and local. The limited lightening of the burden of national taxation contained in the recent Budget is likely to be offset by increases in the level of local rates.

Finally, I would like to thank most warmly all those in the Company whether on the shop floor or at the wheel or in the office or in the boardroom whose hard work, team-work, and experienced skill have brought us through a difficult year so well.

Boyd-Carpenter,
Chairman.

SALIENT FIGURES	1981 £000	1980 £000
Turnover		
United Kingdom	120,018	112,364
Overseas	24,553	16,111
	144,571	128,475
Trading Profit		
United Kingdom	14,872	14,307
Overseas	4,088	2,794
	18,960	17,101
Net Interest and Investment Income	(359)	(237)
Profit before Taxation	18,601	16,864
Taxation	3,990	2,110†
Profit after Taxation	14,611	14,754
Earnings per Share	12.1p	12.4p*
Total Dividend per Share	5.0p	4.7p

†Reduced by £727,000 release of stock appreciation relief provision.

*Re-stated for the release of stock appreciation relief provision and the bonus element of the May 1980 Rights Issue.

Copies of the Report and Accounts containing the full speech by the Chairman can be obtained from the Secretary, The Rugby Portland Cement P.L.C., Crown House, Rugby.

RUGBY CEMENT

Changed drinking habits boost market growth

By Louise Kehoe in San Francisco

DESPITE THE economic recession, or perhaps sometimes because of it, Americans are drinking more wine. Last year shipments of U.S. wine topped half a billion gallons for the first time—an increase of about 7 per cent over 1980.

"In a period of economic uncertainty, and in an industry that is certainly not immune to economic forces, we are continuing to see growth," says John de Luca, president of the Wine Institute in San Francisco.

Last year, for the first time in U.S. history, more wine was shipped than spirits. "There has been a cultural change away from hard liquor towards wine," says Mr de Luca.

"The 'three martini lunch' has largely become a lunch with wine. Women—who buy most of the wine, but don't drink as much as men—have to a large extent changed the traditional American cocktail hour into the wine hour, and the population migration towards the "Sun-Belt"—with the widening influence of the California life style, have all added to the number of wine sippers," Mr de Luca believes.

Looser alcohol laws in several states have also led to market growth. The latest liberalisations occurred this year in Michigan and Oklahoma where wine can now be advertised for the first time. In several states, however, the sale of wine is still restricted to "packages stores" which sell nothing but wine and spirits.

The marked change in Americans' drinking habits is giving rise to a boom in California's wine industry—where more than 90 per cent of U.S.-made wines are produced. As the market leader, Earnest and Julio Gallo Winery increased its output by 13 per cent to 133m gallons, according to Marvin Shanken, a wine industry analyst.

Gallo cannot, however, be complacent about its market lead. The privately held company is facing mounting competition from none other than Coco-Cola Company, the major soft drink producer. Coco-Cola entered the wine business five years ago when it purchased New York-based Taylor Wine and formed a wine producing subsidiary called Wine Spectrum.

Trevor Humphries

California wines on sale at Mackie & Co. in the City of London: Britain has been a fast-growing market.

Using hard merchandising tactics including "comparative" TV advertisements pushing its year-old Taylor California Cellars brand Wine Spectrum has raised its share of the U.S. market from 3 per cent in 1976, to 5.4 per cent last year. Wine Spectrum has also raised California production by 20 per cent last year.

While competition in the home market is heating up, Paul Masson, sixth largest producer with 1981 shipments of 18.5m gallons, is looking further afield to increase its sales. Masson has found a ready market in the UK. Shipments of California wine to Great Britain have risen by more than 100 per cent per year for the last three years to make the UK the second largest export market (after Canada) for California wines. Masson claims to have shipped over 80 per cent of the 1.1m gallons that went to Britain last year. Masson's UK marketing is handled by the UK division of its parent company Joseph E. Seagram and Sons.

"Seagram determines which of Masson's 49 different wines are exported to the UK," according to a spokesman for Paul Masson. Its low priced carafes of generic wines have been particularly successful in the UK but Masson is now also selling varietals and its prorpieary Emerald dry table wine in the UK.

"The UK has been a good market for us," says Almaden, another exporter of California wine to the UK. But, "shipments to the UK have already slowed down. Before these problems arose the landed price of California wine was very competitive—that is no longer so."

California Wine producers believe however that there is still a vast potential home market that remains untapped. The average consumption of wine per capita in the U.S. is a small 2 gallons per year compared to 25-30 gallons in France and Spain.

To increase consumption—and appeal to the growing consumer concern for low calorie foods — several California wineries have introduced new "light wines." With an average alcoholic content of only 7 per cent as compared to the normal 11 per cent, the light wines have much of the flavour of the originals, but 25 per cent fewer calories.

Light wines are produced by a combination of two methods—one is to harvest the grapes early when their sugar content is low, and the other is to pass the wine through vacuum distillation processes to burn off some of the alcohol. Traditional wine makers like Gallo decry the innovation saying that they are not satisfied with the technology at present.

A peculiarity of American wine drinking habits is the increasing popularity of white wine over red. In 1981, more than 60 per cent of the wine shipped by U.S. producers was white—a marked change from the 34 per cent of wine shipped in 1975. The consumer preference for white has caused problems for the wineries, though it has helped market growth. Several are overplanted with red grapes. A few California wineries are using new methods to produce white wine from red grapes, although so far these have achieved little consumer acceptance. Others, particularly those with large vinyard acreages, are grafting white vines onto red grape vines using a process called T-budding. Using this method, vines can be back in production with a new variety of grapes within a year or two.

More U.S. energy futures plan

By Nancy Dunne in Washington

THE New York Mercantile Exchange, which has had the most success so far with its energy futures contracts, is expected to face increased competition if the Commodities Futures Trading Commission approves two new contracts this month.

The CFTC will consider the Chicago Board of Trade's application to trade futures in Gulf Coast heating oil on May 18 and the CBT's proposed leaded and unleaded regular gasoline futures contracts on May 25.

Still to be scheduled for hearings are proposals to trade leaded and unleaded regular gasoline on the Chicago Mercantile Exchange and the new York Mercantile Exchange's request to trade contracts on crude oil and options of No. 2 heating oil.

Meanwhile, the CFTC has given the New York Futures Exchange (NYFE) permission to trade futures on the New York Stock Exchange composite index of about 1,530 stocks, Reuter reported.

NYFE is expected to start trading the newest and fourth stock index futures contract today.

Settlement will be in cash and the CFTC said it advised the exchange to monitor this unusual feature closely.

Par value of the contract will be $500 times the spot NYSE composite index.

Fall in farm land sales

By Our Commodities Staff

THE NUMBER of reported agricultural land sales in the three months ending March 1982 were more than 50 per cent down on figures for the same period in any of the last five years according to the Ministry of Agriculture.

Up to the end of March there were 88 reported sales, covering 2,600 hectares. The average price paid was £4,169 per hectare and the average size of the lots sold was under 30 hectares for the first time in five years.

The Ministry's weighted price index (1973=100) is set at 203 for the end of March, the second highest level for this period since 1978.

Canada signs new wheat deal with China

BY VICTOR MACKIE IN OTTAWA

CANADA'S Wheat Board has signed a new long-term wheat agreement with the People's Republic of China, Senator Hazen Argue, the Minister responsible for the Canadian Wheat Board has announced.

The three-year agreement provides for the shipment of between 10.5m and 12.6m tonnes of Canadian wheat to China.

This is the largest of six long-term agreements Canada has made with China since 1961 and is worth a minimum of C$2.25bn at today's prices, Senator Argue said.

The agreement signed by representatives of the Wheat Board and China's National Cereals, Oils and Foodstuffs Import and Export Corporation calls for annual shipments of between 3.5m and 4.2m tonnes starting on August 1 this year.

The Senator noted that, as with previous agreements, separate contracts for the sales of specific quantities of wheat will be negotiated periodically under the new agreement.

"Sales made under this agreement will be either for cash or on credit with repayment guaranteed by the Government of Canada," he said.

The terms for any credit sales will call for 25 per cent cash when each vessel is loaded with the balance payable with interest in 12 months, said the Senator.

The new agreement, he said, underlined the excellent market potential for Canadian grain and will be good news for prairie farmers in light of current prices.

"The agreement reinforces the excellent trading relations that have existed between our trading nations for more than 20 years," said the senator.

Winter grain crops are developing well in the Ukraine, Moldavia and the central black earth region of the Soviet Union with cool and rainy weather over most of the European part of the country, the Soviet weather centre said yesterday, Reuter reported from Moscow.

Spring barley particularly was developing well in the Ukraine, Moldavia and the northern Caucasus, and soil moisture was good in general, the report, published in the agricultural newspaper, Selskaya Zhizn (Rural Life), said.

Continuing moderately warm weather was favourable to crops in the Transcaucasian republics, it added.

The report said conditions for spring grain sowing in western Siberia and Kazakhstan were good and conditions looked good for this year's cotton crop.

Rumours unsettle metal markets

BY JOHN EDWARDS, COMMODITIES EDITOR

A BEWILDERING variety of rumours caused further confusion and uncertainty on the London metal markets yesterday. Unconfirmed reports of peace moves in the Falklands crisis offset news of further conflict making traders reluctant either to buy or sell.

Nevertheless turnover on the London gold futures market picked up again to a total of 1,158 lots of 100 troy ounces and the August position closed over £4 lower at £192.30 a troy ounce. The bullion spot price ended $6 down at $336.5.

On the London Metal Exchange copper prices ended the day higher after falling back earlier in the day. The upturn was encouraged by a firmer trend in New York and reports of consumer buying interest.

There was little reaction to the statement by Noranda Mines of Canada overnight in Toronto declaring *force majeure* on copper shipments to its European customers as a result of the strike by workers at the giant Canadian Copper Refiners processing plant in Montreal that started on Sunday. The company said that deliveries to Europe represented about 45 per cent of the output at the refinery, which has an annual capacity of some 480,000 short tons.

Lead and zinc were steady, with more U.S. zinc producers raising their domestic selling prices for zinc by 2 cents to 37 cents a pound.

There was some nervousness in the tin market when the buffer stock of the International Tin Council failed to start supporting buying during early trading when prices fell back. However, the buffer stock was believed to have re-entered the market at the lower levels and most losses were recovering by the close.

Better gold demand forecast

JOHANNESBURG — There should be a further strengthening of demand for gold this year, while the supply of newly-mined gold to the market is unlikely to increase, according to Robin Plumbridge, chairman of Gold Fields of South Africa.

He told an international mining conference the rise in demand is likely to be concentrated in the private sector, particularly in the Middle East and Far East, and should outweigh a possible reduction of demand in the official sector.

Supply and demand were nearly balanced in 1981, and there may have been a small reduction in bullion stocks for the first time since 1972, Mr Plumbridge said.

He said although the Soviet Union sold gold at an exceptionally high rate in the last quarter of 1981, it is unlikely total sales for the year significantly exceeded their previous annual average of 270 tonnes.

Danish slaughter ban spreads

By Hilary Barnes in Denmark

SLAUGHTERING of pigs and cattle was suspended by slaughterhouses on Zealand and the southern Danish islands of Lolland and Falster until Monday following the spread of foot and mouth disease to southwest Zealand, the large island on which Copenhagen is situated at the entrance to the Baltic.

A herd of 60 dairy cattle was destroyed on Tuesday evening. First reports said that only one of the cows was infected but later the county vet said several animals had the disease. There appeared to have been no links between the Zealand farm and the island of Funen, where all the previous 21 cases in the current Danish outbreak were located.

There is a suspicion that the virus may have been borne by wind and weather from East Germany, where a new case of the disease was reported this week. Both the Danish and German outbreaks are caused by a type O virus but it is not yet been established by so called fingerprint tests whether they are identical varieties.

Mr Arne Bjerregaard, agricultural affairs spokesman of the Christian People's Party, called for a ban on all travel between Denmark and East Germany. He claimed that the East Germans are not taking sufficiently tough measures to stop their outbreak.

There have been no new cases on Funen for 14 days and the veterinary authorities are hopeful that the outbreak is over, but in southwest Zealand county vet Arne Frederiksen said it would be surprising if there were not some new cases in the area, not least because the present wet weather is conducive to the spread of the disease.

William Dullforce in Stockholm writes: Sweden's Agricultural Board stepped up its precautions against foot-and-month disease yesterday by prohibiting imports of unsterilised dairy products from Denmark and East Germany. It prolonged the existing ban on imports of meat, cooked meats and second-hand farming equipment.

SUDAN

Sugar industry chases an ambitious target

BY RICK WELLS IN KHARTOUM

EARLY IN the 1970s Sudan decided to become one of the biggest sugar producers in Africa, meeting domestic requirements and exporting a surplus to the Arab world. A decade later it has three new sugar plants, one of them virtually the biggest in the world, but still imports half its sugar, and about $300m is being sought to rehabilitate the state sugar industry.

Showpiece of the industry is the vast Kenana Sugar Estate, estimated to have cost nearly $1bn and majority-owned by Arab governments. The harvesters have been working day and night to bring in the last of the season's crop of sugar cane, and Kenana is expected to have produced 170,000 tonnes of sugar when the season ends in the middle of this month.

These production figures for Kenana's second full season are somewhat lower than hoped. They are only about half the factory's 330,000 tonne capacity, which is not expected to be reached in the 1983-84 season. Considerable efforts are being made to ensure that next year's target of 250,000 tonnes of sugar will be met.

Kenana began producing sugar in February 1980, but completion of the factory was not co-ordinated with the cultivation of the appropriate acreage of sugar cane and this substantially reduced the capacity utilisation. However, so far, 70,000 acres have been planted for next season and it is hoped to plant a total of up to 75-80,000 acres (around 90 per cent of the full growing area) before the rains. The main problems that have hampered production this year—shortages of power supply and fuel for transport—are common to virtually all all projects in Sudan at present.

However, the substantial investment in Kenana's own power generating system utilising *bagasse* (crushed cane residue) and reliance on foreign expertise for the maintenance of machinery, has undoubtedly helped to reduce the disruptions to production that have plagued Sudan's other domestic sugar factories.

The efficiency of the Kenana factory itself has been very high. According to Mr Francis Shaffer, the factory manager, mill extraction is running at 96.21 per cent which, he says, is as good as anywhere in the world. The crushing capacity of 17,000 tonnes per day has been exceeded at times.

The original sugar development programme had a target of 750,000 tonnes of sugar a year, of which up to 300,000 tonnes was to be exported. But this was frustrated by delays in the completion of new factories and neglect of the two existing ones which fell into disrepair.

Price controls enforced by the Ministry of Industry did not allow increasing costs to be passed on to the consumer or take into account the finance required to maintain the factories. Now the government's monopoly over the sugar trade has come under close scrutiny and the price being paid for sugar from the local factories has doubled since last year from around Sudan£120 (£74.32) to Sudan£250 per tonne.

Having spent an estimated $1m a day on importing sugar to Sudan in 1981, it was announced in November that the subsidy on the consumer price of sugar was to be removed over the next 18 months.

An indication of the importance of sugar to the average Sudanese citizen, who consumes just over 20 kilos annually (total domestic consumption was 450,000 tonnes in 1981), was that rioting occurred in Khartoum and other parts of the country in early January when there was a 62 per cent increase in the price of sugar.

The short-term rehabilitation programme (1981-85) which aims to halt the deterioration of Sudan's fledgling sugar industry at a cost of around $300m has been slow to get under way.

Last year some 212,000 tonnes of sugar were produced. Of this, Kenana accounted for 100,000 tonnes with the combined output of the government-owned schemes—Assalaya, Sennar, Guneid, and Khashm el Girba—reaching only 112,000 tonnes (against a theoretical capacity for the state sector of considerably more than 300,000 tonnes).

So far $100m has been initialled by the Arab Fund for Economic and Social Development (AFESD) to finance the rehabilitation work. Loans of $45m from the World Bank and $12m from the United Nations Capital Development Fund (UNCDF) are still being processed, while DM 33m has been earmarked under the German protocol agreement for the rehabilitation of the Khashm el Girba and Guneid factories. But it is expected to be several years before the original targets are attained.

PRESIDENT REAGAN was expected to issue a proclamation imposing sugar import quotas, to be effective immediately, according to U.S. Department of Agriculture officials.

Mr John Block, agriculture secretary, said in a statement "this is necessary to avoid a massive flow of sugar imports into the U.S., which would disrupt the commercial market for domestically produced sugar and would cause large quantities of domestic sugar to move into government ownership."

Department officials said the secretary would issue revised quotas each quarter. The Caribbean Basin nations, which the Reagan Administration has been seeking to help, will be subject to quota restrictions as well, but direct foreign aid payments to compensate for their losses from the quotas will be proposed.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL MARKETS were erratic on the London Metal Exchange. Rumours abounded regarding the Falklands conflict and copper fluctuated between £897.5 and £904.5 before closing the late Kerb at £903. Lead moved up to £338.25 while zinc traded quietly prior to closing at £426.5. Aluminium was finally £573.75 and nickel £2,992.5, the latter in response to persistent trade support. Tin fell to £7,305 in nervous trading but rallied to close at £7,322.5 following support buying by the buffer stock manager.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
High Grde				
Cash	867-.5	+2.5	873-4	+4.75
3 mths	897.5-8	+3	903-.5	+4.5
Settlem't	867.5	+8.5	—	......
Cathodes				
Cash	861-3	+3	864-6	+1.75
3 months	881.5-2	+5.25	895-6	+2.25
Settlem't	863	+3	—	......
U.S. Prod.	—	—	*78-8	......

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £867, 67.5; three months £898, 98.5, 99, 98.5, 98, 900, 899, 98.5 98, 97.5. Cathodes: Three months £891.5. Kerb: Higher Grade: Three months £898.5, 98. Afternoon: Higher Grade: Three months £902.5, 03, 03.5, 04, 03.5, 01, 01.5, 02, 02.5, 03. Cathodes: Three months £895. Kerb: Higher Grade: Three months £903.5, 04, 03.5, 03, 03.5. Turnover: 37,150 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	7145-50	—20	7140-60	—12.5
3 months	7325-6	—17	7320-5	—17.5
Settlem't	7150	—28	—	......
Standard				
Cash	7145-50	—20	7140-50	—12.5
3 months	7325-5	—17	7320-5	—17.5
Settlem't	7150	—22	—	......
Straits E.	‡$29.40	—		......
NewYork	—			

Tin—Morning: Standard: Cash £7,145, 40, 45; three months £7,230, 10, 05, 20, 25. Kerb: Standard: Three months £7,325. Afternoon: Standard: Three months £7,310, 15, 20. Kerb: Standard: Three months £7,325, 22, 20. Turnover: 2,970 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	328.5-6	+5	328.5-4.5	+6.75
3 months	338.5-9	+5	337-.5	+6
Settlem't	326	+5	—	......
U.S. Spot	—	......	*268	......

Lead—Morning: Three months £337, 38, 37.5, 38, 38.5, 39. Kerb: Three months £339.5, 39, 38.5. Afternoon: Three months £339, 38.5, 38, 37.5. Kerb: Three months £338, 38.5, 38. Turnover: 14,600 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	422-.5	+3	421.5-2	—0.37
3 months	427.5-8	+2.5	425-6	—1.25
S'ment	422.5	+3	—	......
Primw'ts	—	......	*35	—7.75

Zinc—Morning: Cash £422.5; three months £427, 26.5, 28, 28.5. Kerb: Three months £428, 27.5. Afternoon: Three months £428, 27.5, 28, 27, 26. Kerb: Three months £427, 26.5, 26, 26.5. Turnover: 11,375 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	550.5-1.5	+1.5	550-.5	—.25
3 months	573-.5	+1.5	572-3	—.24

Aluminium—Morning: Three months £573. Kerb: Three months £573, 73.5. Afternoon: Three months £574, 73.5, 74, 74.5, 74, 73. Kerb: Three months £573, 72.5, 73, 73.5. Turnover: 7,675 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	8930-3	+64	8925-30	+32.5
3 months	2995-8	+61	2227-9	+36

† On previous official close. * Cents per pound. ‡ M$ per kilo.

Nickel—Morning: Three months £2,950, 55, 65, 70, 75, 80, 85, 95, 3,000. Kerb: Three months £2,995. Afternoon: Three months £2,890, 95, 98, 95, 99. Kerb: Three months £2,995. Turnover: 703 tonnes.

SILVER

LME—Turnover: 89 (142) lots of 10,000 oz. Morning: Three months 390 p, 91.0, 91.5, 91.7, 92.5, 92.0, 92.2. Kerb: three months 391.9, 91.p, 90.5, 91.p. Afternoon: three months 392.0, 92.5. Kerb: three months 392.0.

Silver was fixed 3.25p an ounce lower for spot delivery in the London bullion market yesterday at 378.7p. U.S. cent equivalents of the fixing levels were: spot 682c, down 7.8c; three-month 707.2c, down 9.1c; six-month 733.25c, down 9.05c; and 12-month 785.5c, down 8c. The metal opened at 382-385p (688-692c) and closed at 380-383p (686-690c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	378.70p	—3.25	378.75p	—2.75
3 months	321.95p	—3.45	382.25p	—2.5
6 months	404.35p	—3.55	—	......
12months	430.95p	—3.65	—	......

COCOA

Short-covering by trade houses on the nearby months lifted values but a lack of follow-through coupled with sales by Brazilian shippers in thin conditions weakened prices at the close, reported Gill and Duffus.

COCOA	Yest'day's Close	+ or —	Business Done
May	861-52	+4.0	970-46
July	873-74	—7.0	998-73
Sept.	1004-05	—5.0	1027-05
Dec.	1040-48	—8.3	1065-44
March	1078-73	—6.0	1095-70
May	1092-94	—4.0	1115-97
July	1110-15	—1.0	—

COFFEE

Following a lower opening values remained fixed in a narrow range in light volume, reports Drexel Burnham Lambert. Activity picked up as trade interest attracted dealer selling at the higher levels.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1900-04	—1.0	1206-90
July	1150-21	—6.0	1158-41
Sept.	1113-14	+10.0	1118-95
Nov.	1104-05	+18.5	1105-80
January	1102-04	+25.5	1084-75
March	1090-95	+25.0	1065
May	1079-85	+95.0	—

Sales: 3,230 (1,855) lots of 5 tonnes. ICO indicator prices for May 4 (U.S. cents per pound): Comp. daily 1979 123.15 (124.23); 15-day average 123.14 (123.24).

GAS OIL FUTURES

The market opened at the highs and fell on weaker physical prices and rumours that a cease-fire might be near in the Falklands. Prices later strengthened on a steady New York opening, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
May	294.25		297.50-94.00
June	287.50	+1.50	289.00-86.50
July	288.25	—0.75	287.50-82.00
August	283.00	+1.00	287.00-82.50
Sept.	287.00	—0.25	290.00-86.75
Oct.	290.00	—1.00	285.00-89.75
Nov.	295.00	+1.00	—
Dec.	396.50	+2.50	—
Jan.	300.00		—

Turnover: 3,198 (2,081) lots of 100 tonnes.

GRAINS

The market opened 25p up old crops and 15p up new crops. Hedge selling and long liquidations eased old crops. New crops were more active, but stayed within a narrow range, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
May	120.75	—0.65	113.70	—0.40
July	124.40			
Sept.	108.55	+0.20	104.40	+0.15
Nov.	118.30	+0.05	108.15	+0.15
Jan.	116.40	+0.10	112.18	+0.15
Mar.	120.00	+0.15	115.45	+0.15

Business done—Wheat: May 121.15-120.70, July 124.75-124.35, Sept 108.60-108.50, Nov 112.45-112.30, Jan 115.45 only, March 120.10 only. Sales: 119 lots of 100 tonnes. Barley: May 114.15-113.70, Sept 104.50-104.40, Nov 108.25-108.10, Jan 112.20-112.15, March 115.50 only. Sales: 123 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent May 10-June 10 115, June 114, July 112.50 transhipment East Coast sellers: English Feed fob May 124 seller Ipswich. Maize: South African White-Yellow May-June 90.50 seller. Barley: English Feed fob June 119.50 Ounness, Aug. 107 Ounness, Oct 109.75 seller, July-Aug 106.50 paid South Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 112.00, E Mids 112.90. The UK Monetary Coefficient for the week beginning Monday May 10 is expected to change to 0.931.

RUBBER

The London physical market opened easier, attracted fair interest through the day and closed uncertain. Lewis and Peat recorded a May fob price for No. 1 RSS in Kuala Lumpur of 199.0 (202.5) cents a kg and SMR 20 177.5 (178.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
June	56.20-56.00	56.60-57.20	—
July	56.80-57.50	57.50-58.00	—
Jly-Sept	57.90-58.00	57.10-57.50	58.00-56.90
Oct-Dec	56.80-58.70	58.00-58.30	58.20-58.00
Jan-Mar	58.50-60.70	60.00-60.50	60.50
Apl-Jne	62.50-62.70	61.90-62.00	62.80-62.50
Jly-Sept	64.20-64.50	63.70-63.80	64.50-64.00
Oct-Dec	66.10-66.50	65.40-66.00	66.18
J'n-Mch	68.00-68.10	67.50-68.00	68.18

Sales: 264 (295) lots of 15 tonnes, nil (2) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 56.00p (same); June 53.00p (52.75p); July 53.75p (53.50p).

SOYABEAN MEAL

The market opened with small gains, reports T. G. Roddick. Prices remained in narrow ranges with main interest concentrated in nearby spread activity.

	Yesterdays Close	+ or —	Business Done
	£ per tonne		
June	156.80-57.0	+0.15	157.10-56.90
August	155.80-56.0	—0.35	158.40-56.00
October	158.10-57.0	+0.45	156.70-56.20
Dec.	139.60-40.2	+0.15	158.80-59.50
Feb.	142.00-43.5	—0.25	—
April	145.00-46.0	+0.50	—

Sales: 625 (530) lots of 100 tonnes.

Soyabean Oil—The market opened $4.00 higher with a weaker dollar encouraging trade buying. Closing prices and business done (U.S. $ per tonne): June 505.00-509.00, 507.00; Aug 509.00-510.00, 512.00-510.00; Oct 512.50-513.00, 513.00-511.00; Dec 513.50-515.00, 515.50-514.00; Feb 518.00-522.00, untraded; April 521.00-526.00, untraded. Turnover: 140 (46) lots of 25 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £119.00 (£120.00) a tonne cif May-June shipment. White sugar daily price £145.00 (£151.00).

The market was quickly sold off from overnight levels. Further losses followed F. O. Licht's estimate of world production which was over 97m tons. Short-covering developed which enabled prices to recover, reports C. Czarnikow.

No. 4 Con-tract	Yesterday close	Previous close	Business done
	£ per tonne		
Aug	125.75-25.85	128.40-28.40	128.00-22.50
Oct	131.30-31.50	132.15-32.25	135.25-28.25
Jan	134.80-35.00	136.00-38.00	—
March	142.40-42.50	143.00-43.25	144.00-38.25
May	145.50-46.00	156.25-47.00	145.50-43.50
Aug	150.25-51.00	160.00-52.00	—
Oct	154.00-56.00	152.00-57.00	—

Sales: 5,326 (5,259) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £225.60 (£226.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for May 4: Daily price 8.35 (8.74); 15-day average 9.03 (9.15).

COTTON

LIVERPOOL—No spot or shipment sales were recorded. Users remained hesitant about prospects, and tended to avoid further commitments. The offtake was negligible, and few contracts were under review, even in regularly sought qualities.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller business). New Zealand cents per kg. May 371, 374, 376-370; Aug 401, 403, 404-401; Oct 411, 415, 412; Dec 414, 417, 417-412; Jan 417, 420, 418-416; March 423, 428, 424; May 433, 438, 434; Aug 437, 448, nil; Oct 442, 450, nil. Sales: 49.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. May 570.0, 571.0, 571.0-568.P; July 565.0, 566.0, 567.0-565.0; Oct 528.P, 529.0, 529.6-528.0; Dec 528.5, 530.0, 531.0-530.0; March 533.5, 534.P, 534.0-532.5; May 537.0, 539.0, 538.0; July 544.0, 546.0, 546.0; Oct 542.5, 544.5, untraded. Sales: 178.

POTATOES

LONDON POTATO FUTURES—All positions were quiet, with values steadier. The main business areas from straddle markets, reports Caley and Harper. Closing prices: Nov 64.20, +P.80 (high 64.50, low 63.60); Feb 74.40, +P.60 (high 74.40, low 73.90); April 86.50, +P.70 (high 86.80, low 86.00); May 98.50, +0.70 (high 98.50, low 98.00). Turnover: 148 (259) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 83.2 to 87.5; Ulster hindquarters 100.0 to 104.0, forequarters 58.0 to 62.5; Eire hindquarters 1P1.0 to 104.0, forequarters 58.0 to 62.0. Veal: Dutch hinds and ends 120.0 to 126.0. Lamb: English small (new season) 105.0 to 108.6, medium (new season) 102.0 to 104.P, heavy (new season) 98.0 to 100.0. Imported—New Zealand PL 63.0 to 64.5, PM 63.0 to 64.P, PX 60.0 to 62.0, YLs 60.0 to 62.0. Hoggets: English 76.0 to 90.0. Pork: English, under 100 lb 38.0 to 55.0, 100-120 lb 44.0 to 55.P, 120-160 lb 40.0 to 51.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 102.49p per kg lw (+1.50). UK—Sheep 221.75p per kg est dcw (+9.66). GB—Pigs 73.33p per kg lw (+1.30).

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: shelf cod £6.00-£7.00, codlings £4.50-£5.80; large haddock £5.50-£6.50, medium £5.00-£6.00, small £3.80-£5.00; medium plaice £4.70-£5.70, best small £3.80-£5.30; skinned dogfish, medium £4.00-£6.00; lemond sole, large £10.50; rockfish £2.50-£4.20; saith £2.70-£3.50.

COVENT GARDEN—Prices for the bulk of produce in sterling per package except where otherwise stated. Imported Produce: Oranges—Cyprus: 15 kg Valencia Lates 3.80-5.50; Jaffa: 20 kg Shamouti 50 5.60, 60 5.70, 75 5.50, 88 4.80, 105 4.80, 123 4.60, 144 4.50, 168 4.50; Moroccan: 12 kg Valencia Lates 48/113 3.50-5.20. Topaz—Jaffa: 53/90 4.40-5.50. Lemons—Cyprus: 12 kg 3.50-4.40; Spain: Trays 5 kg 40/50 1.40-1.80; Jaffa: 18 kg 90/105 4.50-5.00; U.S.: 17 kg 5.00-6.00; Outspan: 15½ kg 80/120 4.50-6.00; Italian: 100/120 3.50-4.00. Grapefruit—U.S.: 16-17 kg Florida Ruby 7.00-8.00; Cyprus: Small cartons 17 kg 3.00-4.80; Jaffa: 20 kg 27 4.25, 32 4.45, 36 4.45, 40 4.65, 48 4.95, 56 4.55, 64 4.75, 75 4.50, 88 4.00. Ortaniques—Jamaican: 48/126 4.00-5.00. Apples—French: Golden Delicious 9 kg 4.40-4.80, 18 kg 8.50-9.00; New Zealand: 18 kg Cox's Orange Pippins 13.00-15.00; Chilean: 18 kg Granny Smith 10.50-11.00; S. African: Granny Smith 11.00-12.00, Golden Delicious 10.50-12.00, Starkcrimson 11.00-12.50; U.S.: 18 kg Red Delicious 9.00-14.00; Tasmanian: Cox's Orange Pippins 18 kg 12.00-13.50. Pears—S. African: 15 kg Packham's Triumph 8.50-10.00, Beurre Bosc 34 lb 7.80-8.40, Comice 34 lb 9.50-11.00; Italian: Per pound Passacrassana 0.14-0.18. Peaches—Israeli: 18/27 3.80-4.50; U.S.: 32 17.00. Grapes—S. African: Barlinka 5.30, New Cross 8.80-7.00; Chilean: 5 kg Thompson 7.30-7.50, Red Emperor 5.00. Strawberries—Spanish: 8 oz 0.30-0.35; Italian: 8 oz 0.30; Belgian: 0.40; U.S.: 12 oz 1.20. Melons—Senegal: Charentais 7/12 10.00-12.00; Chilean: 15 kg white 5.00-6.00, green 6.00-7.50; Guatemala: 10 kg white 4.00-4.50; Colombian: 10 kg green 4.80-5.50; Spanish: Galia 5.00-8.00. Water-melons—Spanish: 15 kg 9.00; U.S.: 13.00. Pineapples—Ivory Coast: Each 0.40-1.00; S. African: 5/7 4.20-4.80. Bananas—Colombian: 40-lb boxes 9.20-8.40. Avocados—Israeli: 3.00-3.40; S. African: 3.00-3.60. Mangoes—Kenyan: 8/16 4.00-5.00; Venezuelan: 7.00; Mexican: 9.00; Mali: 5.00. Tomatoes—Dutch: 8 kg A 5.00-5.40, C 4.80-5.00; Guernsey: Pink 4.80; Canary: 3.50-4.50. Onions—Chilean: 3/5 9.00-6.20. Capsicums—Canary: 5 kg green 2.50-3.50, red 2.00-6.50; Dutch: 5 kg green 8.00, red 9.00, yellow 10.00, white 10.00, purple 10.00; Spanish: Green 2.00-3.00. Spring Cabbage—French: 27-28 lb 2.50-3.00. Cabbage—Dutch: White 5.00-6.50, red 4.00-4.50. Carrots—U.S.: 48 x 1 lb, per pound 0.20; Dutch: 22 lb 3.80, pre-packed 4.80; Belgian: 22 lb 2.00-2.40; Italian: 10 kg 3.00.

English Produce: Potatoes—Per 55 lb, white 4.80-5.50, red 5.00-5.80, King Edwards 4.80-5.50, per pound new 0.40. Mushrooms—Per pound, open 0.50-0.60, closed 0.60-0.80. Apples—Per pound, Bramley 0.20-0.32, Idared 0.18-0.23. Pears—Per pound, Conference 0.16-0.30. Lettuce—Per 12, round 0.80-1.80, [illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	May 5 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt.	$985/1015	....	$985/1015
Copper			
Cash h grade	£873.5	+4.75	£835.75
3 mths	£903.25	+4.5	£863.25
Cash Cathode	£865	+1.75	£831
3 mths	£895.5	+2.25	£858.5
Gold troy oz	$336.5	—6	$353
Lead Cash	£324	+5.75	£323.5
3 mths	£337.25	+6	£335.25
Nickel	£3826	....	£3925
Free mkt.	259/269c	+4	240/270c
Platin'mtr oz'y	£260	....	£260
Free mkt.	‡	....	£194.76
Quicksilver†	$370/380	....	$375/385
Silver troy oz.	378.70p	—3.25	425.30p
3 mths	321.05p	—3.45	438.10p
Tin Cash	£7145	—12.5	£7157.5
3 mths	£7322.5	—17.5	£7378
Tungsten 22.6 lb	$106.98	....	$190.38
Wolfrm 22.40lbs	$105/110	+1.9	$163/108
Zinc Cash	£421.75	+0.375	£403.5
3 mths	£425.5	—1.25	£409
Producers	$860/900	....	$860/900
Oils			
Coconut (Phil)	$495u	—15	$525
Groundnut	$580y	....	$659
Linseed Crude	‡	....	‡
Palm Malayan	$507.5v	+10	$512.5
Seeds			
Copra Ph lip	$355u	....	$340
Soyabean (U.S.)	$274.5	+0.5	$272.25
Grains			
Barley Fut. Sep	£104.40	+0.15	£103.45
Maize	‡	....	£133.5
Wheat Fut. July	£124.40	....	£121.05
No.2 Hard Wint	‡	....	‡
Other commodities			
Cocoa ship't*	£994	—7	£973
Future July	£973.5	—7	£962
Coffee Ft' July	£1150.5	—6	£1185.5
Cotton A.Index	75.45c	+3.2	71.15c
Gas Oil June	$287.5	—4.75	$973
Rubber (kilo)	56p	....	53p
Sugar (Raw)	£119u	—1	£148
Woolt'ps 64s kl.	402p kilo	....	395p kilo

‡ Unquoted. x May. v June. y April-May. u May-June. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

GOLD MARKETS

Gold fell $6 an ounce from Tuesday's close in the London bullion market yesterday to finish at $336-337. The metal opened at the day's high of $344-344½ and closed at the lowest level of the day. There was no impetus despite the current Falklands's crisis and unrest in Poland.

In Frankfurt the 12½ kilo bar was fixed at DM 25,680 per kilo ($343.99 per ounce) compared with DM 25,935 ($344.98) and closed at $338.25-339.0.

In Paris the 12½ kilo bar was fixed at FFr 67,250 per kilo ($345.02 per ounce) in the afternoon compared with FFr 67,250 ($345.73) in the morning and FFr 68,000 ($347.26) on Tuesday afternoon.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $344.0 against $343.0.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
August	192.20-2.40	—4.095	197.25-2.00
Sept'mbr	194.25-4.60	[illegible]	—
October	196.80-6.75	[illegible]	[illegible]
November	198.80-8.45	[illegible]	[illegible]

Turnover: 1,158 (897) lots of 100 troy ounces.

	May 5	May 4
	Gold Bullion (fine ounce)	
Close	$336-337 (£186¼-186¾)	$342-343 (£120 190½)
Opening	$344-344¼ [illegible]	[illegible]
Morning fixing	$341.75 [illegible]	[illegible]
Afternoon fixing	$338.40 [illegible]	$341.75 [illegible]
	Gold Coins	
Krugerrand	[illegible]	[illegible]
1/2 Krugerrand	[illegible]	[illegible]
1/4 Krugerrand	[illegible]	[illegible]
1/10 Krugerrand	[illegible]	[illegible]
Mapleleaf	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
King Sovereigns	[illegible]	[illegible]
Victoria Sovs.	[illegible]	[illegible]
French 20s	[illegible]	[illegible]
50 pesos Mex.	[illegible]	[illegible]
100 Cor. Austria	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]

AMERICAN MARKETS

NEW YORK, May 5.

PRECIOUS METALS were under heavy pressure as the Falkland situation developed. Copper was higher on technical buying although profit-taking pared the best gains. Sugar was mixed on late short-covering following a private crop forecast which confirmed all bearish fundamentals. Coffee stayed under heavy pressure from commission house liquidation, reported Heinold. [illegible]

EUROPEAN MARKETS

ROTTERDAM, May 5.

[illegible]

PARIS, May 5.

[illegible]

Tuesday's closing prices

[illegible]

INDICES

FINANCIAL TIMES

May 4	April 30	Month ago	Year ago
244.79	246.64	245.82	354.50

(Base: July 1, 1952=100).

MOODY'S

May 4	May 3	Month ago	Year ago
1008.2	1005.1	983.1	1061.3

(December 31, 1931=100)

DOW JONES

Dow Jones	May 4	May 3	Month ago	Year ago
Spot	125.46	125.69	125.99	—
Futr's	130.20	130.43	131.73	—

(Base: December 31 1974=100)

REUTERS

May 5	May 4	M'nth ago	Year ago
1598.4	1601.3	1608.6	1679.3

(Base: September 18, 1931=100)

Gould to sell electrical business

By Our Financial Staff

GOULD, the Illinois-based electronics and electrical products group, plans to sell a major part of its electrical products business in the current quarter.

Mr William T. Ylvisaker, chairman, said in his annual review that the operations to be sold include the low voltage distribution and controls and the electrical components operations. They are expected to have sales of about $300m this year.

The plans are part of the group's strategy of focusing on electronics sectors where it hopes to attain maximum growth.

Mr Ylvisaker said Gould expected earnings to increase by an average of at least 15 per cent a year as result of its transformation into an electronics and electrical products group.

Gould is forecasting record earnings for 1982. Last month it reported first quarter profits from continuing operations up 10 per cent at $20.7m.

The group's growing emphasis on electronics involved the sale in September last year of its industrial products group, and the acquisition in December of America Microsystems, a custom semi-conductor producer.

Last month, it sold its portable battery division to France's state-owned CGE for an undisclosed sum.

Gould also authorised yesterday the purchase by the group of 1.7m of its 44m outstanding common shares.

Canadian Pacific profits plunge in first quarter

BY OUR FINANCIAL STAFF

EARNINGS at Canadia nPacific Ltd, Canada's largest transport and communications group, were sliced by twolthirds in the opening quarter of this year, from C$133.4m to C$46.9m (U.S.$42.6m) and the board warns that the second quarter will show a further fall from 1981 levels. For the whole of fiscal 1981, CPL profits fell from C$583m to C$485m.

Per share earnings for the latest three months were 65 cents, against C$1.86 last year. Revenues improved to C$3.09bn from C$2.8bn.

CPL also disclosed that its CP Air subsidiary which doubled its loss to C$20.9m in the quarter, is considering a further delay in taking delivery of the four Boeing 767 jet aircraft at present scheduled for 1985.

Mr Frederick S. Burbidge the chairman, told the annual meeting in Montreal yesterday that even if the economic outlook improves in the latter part of this year "it is likely that profit under severe pressure for some time."

First quarter net income from its CP Rail unit fell to C$13.9m. CP Ships reported a first quarter loss of C$3.4m against C$20.3m. CP Trucks' profits fell to C$48m from C$118m.

Earlier this week, Canadian Pacific Enterprises, the non-rail holding company of the CPL group, reported first quarter earnings of C$69.1m or 49 cents a share, against C$101.3m or 72 cents a year earlier.

The decline was caused mainly by depressed results in the mining and forest products subsidiaries. This in turn was due to the world recession and low metal prices.

N Telecom drops Alfa venture

BY ROBERT GIBBENS IN MONTREAL

NORTHERN TELECOM, the largest manufacturer of telecommunications equipement in Canada, has dropped out of a joint venture in Mexico because of the financial problems of its partner, Grupo Industrial Alfa.

Alfa, Mexico's largest private holding company, announced on Tuesday that it was negotiating to sell to its government 12 of its 58 companies. Two weeks ago, Alfa suspended principal payments on its $2.3bn debt because of cash flow problems.

Northern Telecom said yesterday that Telko SA, the joint venture company set up with Alfa in January 1981, has halted construction of a C$3m (U.S.$2.7m) factory intended to produce digital switching equipment at Celaya, 50 miles from Mexico City.

The factory was to make switching systems for business, partly from components and sub-assemblies exported from Canada. It was to be the base for greater penetration of the Mexican market for Northern Telecom.

For the past two years Northern Telecom has been exporting direct at a rate of almost C$1m a year.

In the expansion programme Telko was to provide marketing, distribution and installation.

● Bancomer SA, the largest private bank in Latin America, is confident of maintaining its leading position in Mexican banking this year. Mr Manuel Espinosa Yglesias, chairman, said that 1981—which saw Bancomer lift profits by 22 per cent to US$158m—had been another year of growth for Mexico, by contrast with the slowdown in industrialised countries. But the devaluation of the Mexican currency in February this year render's the outlook for the bank "less predictable."

Banking boutique-style in Beverly Hills

BY LOUISE KEHOE IN SAN FRANCISCO

BANKING in Beverly Hills means providing the affluent with personal services much broader than a cheque book and a safe deposit box, according to Mr Ronald H. Malin, who plans to open the International Bank of North America (IBNA) later this year.

IBNA will cater to the rich with flattery and personal attentions. The bank office will have a boutique atmosphere, says Mr Malin, noting that boutiques do particularly well in Beverly Hills. "As a boutique bank we will co-exist comfortably with the major banks—they are the equivalent to the supermarkets," he suggests.

Mr Malin sees his typical client as a foreigner arriving in the U.S. with money to invest, the need to buy a home, and to establish local credit facilities. He will probably not speak English. IBNA will give him a ride from the airport, plush surroundings in which to discuss—in his own language—his needs, contacts in the real estate business, a mortgage, investment advice on the oil, entertainment or venture capital scene, and almost anything else he asks for, "including taking his kids to school."

Mr Malin hopes that foreign banks with clients moving to the U.S. will refer individuals to IBNA. Even if the foreign bank has an agency in the U.S. it is usually not set up to deal with personal services, he suggests. "They will welcome the solution of handing the visitor over to us."

In IBNA's favour in attracting correspondent banking business will be the fact that it does not represent a threat to the foreign bank. "If they send him to Bank of America he may never come back to them.

"I hope that we can attract that portion of their deposits which resides in the U.S.—by building up a close relationship with them and giving good advice."

Mr Malin is unconcerned about competition from major banks which have recently set up special operations to attract affluent foreigners.

"I am starting this bank because of my frustrations in referring clients of my law practice to major banks. The headquarters of the bank may well be set up to deal with the special needs of the rich, but at the branch level those services collapse."

Mr Malin expects the new banking venture to be capitalised by the end of July. Local bankers believe he is seeking around $5m to $10m.

Armco warns of bleak outlook

By David Lascelles in New York

"GRIM AND terrible" is how senior executives of Armco, the large U.S. steel company, yesterday described the state of the U.S. steel industry as it goes through its worst recession in decades.

At a meeting of securities analysts in New York, Mr Daniel Boone, president, said: "I guess we'll all have to write off 1982."

Armco recently reported a 75 per cent decline in earnings for the first quarter of this year, from $69.7m to $17.7m. Full year profits for 1981 were slightly up to $294.5m. While the executives refused to forecast earnings for this year, they held out little hope for early improvement.

Virtually all of Armco's business segments have been hit. Carbon steel and iron ore mining are suffering particularly badly. But the promising oil industry equipment business is also down because of the fall-off in oil and gas exploration. Mr Boone estimated that the market for oil industry goods currently has a six to 12-month surplus.

Armco's diversification into financial services, mainly insurance, is suffering from high interest rates and the cyclical downturn in the insurance market.

The company is working at 60-65 per cent of capacity and has laid off 3,300 of its 28,000 workers. Mr Boone said many lay-offs would have to be permanent as his company sought deep-rooted improvements in productivity.

Armco hopes for an upturn in the market towards the end of this year and could see a modest improvement in profits in the final quarter. Even so, total steel shipments in the U.S. will be well below last year's 87m tons. Mr Robert Boni, group vice-president for the steel business, said the worst level would be 70m tons, but shipments could be about 10m tons higher.

The Armco executives said they were cutting costs wherever they could and were going for higher cash-flow even if this meant a reduction in earnings.

Moore hit by currency factors

By Our Financial Staff

MOORE CORPORATION of Toronto, the world's largest business forms manufacturers, reported first quarter earnings down to US$25m or 89 cents per share from US$30.2m or US$1.08 per share.

The company, which does more than 60 per cent of its business in the U.S., blamed the fall on adverse currency translations, lower investment income and the recession. Revenues rose to US$475m from US$456.7m.

For the whole of last year, Moore's earnings were a record US$115.4m.

N. AMERICAN QUARTERLIES

BEKER INDUSTRIES	1982	1981
First quarter	$	$
Revenue	54.8m	52.2m
Net profits	12.18m	3.38m
Net per share	†0.19	0.29
† Loss.		

BENEFICIAL CORP	1982	1981
First quarter	$	$
Net profits	18.5m	12.5m
Net per share	0.63	0.37

EMERSON ELECTRIC	1981-82	1980-81
Second quarter	$	$
Revenue	919.9m	911.1m
Net profits	78.35m	73.68m
Net per share	1.14	1.07
Six months		
Revenue	1.76bn	1.71bn
Net profits	150.21m	139.94m
Net per share	2.18	2.04

GEICO CORP	1982	1981
First quarter	$	$
Net profits	15.7m	16.04m
Net per share	0.78	0.73

HARVEY HUBBELL	1982	1981
First quarter	$	$
Revenue	112.1m	101.8m
Net profits	8.29m	8.27m
Net per share	0.63	0.63

INTERNORTH	1982	1981
First quarter	$	$
Revenue	1.45bn	1.14bn
Net profits	106.54m	116.96m
Net per share	2.40	2.61

MCI COMMUNICATIONS	1981-82	1980-81
Fourth quarter	$	$
Revenue	164.75m	71.77m
Net profits	33.78m	7.9m
Net per share	0.70	0.11
Twelve months		
Revenue	506.35m	234.2m
Net profits	86.45m	21.11m
Net per share	1.81	0.24

NIAGARA MOHAWK POWER CORP	1982	1981
First quarter	$	$
Revenue	686.5m	611.3m
Net profits	87.9m	64.4m
Net per share	0.94	0.76

PIONEER CORP	1982	1981
First quarter	$	$
Revenue	302.4m	288.2m
Net profits	29.84m	29.2m
Net per share	0.81	0.78

PUREX INDUSTRIES	1981-82	1980-81
Third quarter	$	$
Revenue	193.4m	168.3m
Net profits	8.97m	5.99m
Net per share	0.79	0.53
Nine months		
Revenue	559.7m	469.5m
Net profits	28.23m	18.71m
Net per share	2.30	1.65

DM 100m bond for French railways

BY ALAN FRIEDMAN

SNCF, the French state railway, is raising DM 100m in the Euro D-Mark bond market. The 10-year issue, launched yesterday by Commerzbank, carries a coupon of 8¾ per cent and a price of 99¾ to yield 8.67 per cent. By late afternoon the new bond had been well received and was being quoted at between 99¼ and issue price.

Today sees the launch of a DM 100m issue for Escom, the South African electricity supply commission. Dresdner Bank and Commerzbank are leading the issue.

Prices in the Euro D-Mark sector edged ¼ point higher and the market was encouraged by the weakness of the U.S. dollar. Swiss franc foreign bond prices fell slightly in light trading.

The City of Kobe is offering SwFr 100m of 12-year bonds in the Swiss foreign bond sector. The yield indication is 6¾ per cent, which is reasonable in view of the guarantee of the Japanese Government. Union Bank of Switzerland is lead-manager.

A SwFr 85m private placement has been arranged for Gabon's West African Drilling company. The paper carries a 9¼ per cent coupon over seven years. Citicorp is lead-managing this debut issue.

Belgium is also placing paper privately in this market. Credit Suisse is arranging for the placement of SwFr 50m of five-year bonds bearing a 7¼ per cent coupon.

The Philip Morris SwFr 100m issue was priced last night with a 6¼ per cent coupon at 100½ to yield 6.19 per cent. The premium pricing, through Swiss Bank Corporation, reflects the quality reputation of the borrower in Switzerland.

In the Eurodollar bond market prices of recent bonds rose 1 point in moderate trading. The market is still struggling to digest new issues, but is slightly encouraged by a healthier showing from the New York bond market.

The Quebec Urban Transportation Commission, backed by the Province of Quebec, is raising C$16m in the Canadian dollar sector with five-year paper bearing a 16¾ per cent coupon and priced at 99¾ to yield 16.56 per cent. Credit Lyonnais, Kredietbank and Societe Generale de Banque Benelux investors continue to buy high-coupon Canadian dollar bonds, it seems, with relatively little discrimination as to quality of borrower.

Sweden to raise $500m

BY OUR EUROMARKETS STAFF

THE KINGDOM of Sweden is raising $500m through a five-year credit geared toward the U.S. banking market. Morgan Guaranty and Chase Manhattan have each received a mandate to put together the transaction, which will be renewable for an additional three years at the lenders' option. There will be a four-year grace period.

The credit consists of two tranches. Lenders may choose either or a combination.

The first tranche pays interest at the U.S. prime rate plus ⅛ per cent or the 90-day certificate of deposit (CD) rate, whichever is higher. If the prime rate exceeds the CD rate by 110 basis points in two consecutive weeks however, the interest rate will be the CD rate plus 100 basis points.

For the period of years six to eight, if the lender wishes to continue, the interest will be at prime plus ¼ per cent unless the prime exceeds the CD rate by 110 basis points, in which case the rate will be 110 basis points over the CD rate.

The second tranche allows the lender to "lock-in" at 80 basis points over the average of the 90-day CD bid rate for five years, and 85 basis points thereafter.

Morgan Guaranty said last night that the Sweden deal was the first time that CD pricing not related to the U.S. prime rate had been used for a non-U.S. borrower.

Earnings collapse at Total group

By Terry Dodsworth in Paris

THE SHARP deterioration in French oil company earnings last year was confirmed last night by Compagnie Française des Petroles (CFP), the Total group, whose net consolidated profits have fallen from FFr 5bn to FFr 870m ($143m).

Like Elf Aquitaine, the second largest French oil group, CFP blamed losses in its refinery and distribution division for the major part in this decline. While profits in this division had suffered throughout the world, the company said, it had been particularly hard in France because price controls on refined products had not allowed the company to recoup cost increases caused by the rise in the dollar.

CFP added that if the paper profit on the revaluation of stocks were deducted from its results, using the normal U.S. oil company accounting method, the company would have shown a loss of FFr 3.6bn.

This figure, which CFP regards as a sounder guide to its performance, compares with a similarly-calculated profit of FFr 700m in 1980.

Cash flow also fell last year, from FFr 9.3bn to FFr 6.5bn, and the company cut its capital spending by about 9 per cent from FFr 9.2bn to FFr 8.3bn.

CFP's turnover rose by 22 per cent from 101bn to FFr 123bn, leaving the group well ahead of Elf Aquitaine (FFr 104bn) as the largest French concern in this sector.

The sales increase was achieved despite a drop in the volume of oil product sales, which fell from 63m tonnes to 48m tonnes. CFP said that the turnover increase was explained by the conversion of dollar sales into francs.

On the refinery side, French companies are hoping for a steady improvement in profits this year. A recent deal with the Government will link French refined prices more closely to world market conditions, this

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday May 12. Closing prices on May 5

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 88/97	150	101⅛	101⅝	0	−0⅛	14.50
Amax Int. Fin. 16⅛ 92	75	102⅝	103	+0⅛	0	15.67
Amax O/S Fin. 14⅜ 88	75	97⅝	97⅞	+0⅛	+0⅛	14.84
APS Fin. Co. 16⅛ 89	75	103⅛	103⅝	+0⅛	−0⅛	15.36
Armco O/S Fin. 15⅝ 86	60	100⅛	101	+0½	+0⅛	15.05
ATT 14⅜ 89	400	101⅜	101⅝	0	−0⅛	13.87
Baker Int. Fin. 0.0 92	225	26⅞	27⅛	0	−0⅛	14.34
Burroughs Int. 15⅝ 88	50	103⅞	104⅜	+0⅛	−0⅛	14.62
Canadair 15½ 87	150	101	101½	−0⅛	−0⅞	15.06
Can. Nat. Rail 14⅞ 91	100	98⅞	99⅜	+0⅛	−0⅛	14.75
Carolina Power 16½ 89	60	104⅝	105⅛	0	−0⅛	15.25
CIBC 16 87	100	102⅞	103⅜	+0⅛	−0⅛	15.01
Citicorp O/S 15 84/92	100	99⅞	100⅜	+0⅛	0	14.89
Citicorp O/S 15½ 85/97	125	101⅛	101⅝	0	−0⅛	14.80
CNA 15⅞ 97	75	98⅞	100⅛	+0⅛	−0⅛	15.83
Con. Illinois 15⅝ 89	100	102⅝	103⅛	−0⅛	−0⅛	14.98
Duke Pwr. O/S 15⅜ 89	60	100⅜	101⅛	+0⅛	0	15.27
Dupont O/S 14⅜ 88	400	100⅜	101⅛	+0⅛	−0⅛	14.32
Dupont O/S Cap. 0.0 90	300	36⅞	37⅜	+0⅛	+0⅞	13.66
ECSC 14⅜ 87	50	99⅜	99⅞	+0⅛	−0⅛	14.83
EIB 15⅛ 89	150	100⅜	101⅛	+0⅛	−0⅛	15.22
Eksportfinans 14½ 89	50	97⅞	98⅜	+0⅛	+0⅛	14.95
Gen. Elec. Credit 0.0 92	400	29⅞	30⅜	+0⅛	+0⅛	13.10
Gen. Elec. Credit 0.0 93	400	26⅞	27⅜	+0⅛	+0⅛	12.96
Getty Oil Int. 14 89	125	98⅜	98⅞	+0⅛	+0⅛	14.32
GMAC O/S Fin. 16 88	150	102⅜	102⅞	0	−0⅛	15.27
GMAC O/S 15⅜ 85/97	100	98⅝	99	+0⅛	−0⅛	15.78
Gulf Canada Ltd 14⅜ 92	100	98⅞	99⅜	−0⅛	−0⅛	14.91
Gulf Oil 14⅜ 94	175	98⅜	98⅞	+0⅛	−0⅛	14.53
Gulf Oil Fin. 0.0 92	300	28⅛	28⅝	+0⅛	+0⅛	13.63
Gulf States O/S 16 90	80	99⅞	100	+0⅛	−0⅛	16.04
Int.-Am. Dv. Bk. 15⅜ 87	55	99⅜	99⅞	+0⅛	−0⅛	15.19
Japan Airlines 15⅛ 88	50	101	101½	+0⅛	−0⅞	14.87
Japan Dev. Bk. 15⅝ 87	50	102⅜	102⅞	+0⅛	−0⅛	14.64
Nat. West. 14⅝ 91	100	100⅜	100⅞	+0⅛	+0⅛	14.58
New Brunswick 16⅛ 89	75	104⅝	105⅛	+0⅛	+0⅛	14.96
OKG 15⅛ 85/97	50	98⅞	99	+0⅛	0	15.13
Ontario Hyd. 16 91 (N)	200	105⅛	106	+0⅛	−0⅛	14.78
Pac. Gas & El. 15⅛ 89	90	102⅛	103	−0⅛	−0⅛	15.01
Pac. Gas & El. 15½ 89	45	102⅞	103⅛	−0⅛	−0⅛	14.79
J. C. Penney 0.0 94	350	21⅞	22⅛	+0⅛	+0⅛	13.66
Phillips Petrol 14 89	200	97⅝	97⅞	0	0	14.62
Quebec Prov. 15⅜ 89	150	100⅛	100⅞	0	−0⅛	15.05
R.J. Rynlds. O/S 0.0 92	400	27⅞	28⅛	0	0	13.84
Saskatchewan 16 89	125	103⅞	104⅜	−0⅛	−0⅛	15.02
Spain 15⅜ 87	100	98⅞	99⅜	+0⅛	−0⅛	15.99
Statsforetan 15⅜ 87	50	99⅞	100⅜	+0⅛	−0⅛	16.63
Sweden 14½ 88	150	95⅞	96	+0⅛	−0⅛	15.51
Sw. Ex. Cr. 16⅛ 84/93	75	101⅞	102⅛	+0⅛	+0⅛	15.34
Swed. Ex. Cred. 15⅜ 89	100	100	100⅜	+0⅛	+0⅛	15.18
Swed. Ex. Cred. 0.0 94	200	20⅞	21	−0⅛	+0⅛	14.20
Texas Eastern 15⅞ 88	75	102⅞	103⅛	+0⅛	−0⅛	15.03
Transcanada 16 89	100	101½	102	−0⅛	−0⅛	15.53
Wells Fargo I. F. 15 87	75	100⅞	101⅞	+0⅛	−0⅛	14.62
WMC Fin. 15⅜ 89	50	98⅞	99⅜	+0⅛	−0⅛	15.65
World Bank 15⅛ 88	250	100⅜	101⅛	+0⅛	−0⅛	14.94
Average price changes... On day +0⅛ on week −0⅛						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria 9¾ 91	300	104⅜	105⅛	+0⅛	−0⅛	8.61
Australia 9¾ 91	200	104⅞	105⅜	+0⅛	−0⅛	8.67
Comp. Tel. Esp. 10⅜ 92	100	101	101½	0	+0⅛	10.28
Denmark 10 88	100	102⅞	103⅜	−0⅛	0	9.29
Denmark 10⅛ 92	100	103⅜	104⅜	+0⅛	+0⅛	9.51
EDF 9⅞ 92	100	102⅛	102⅞	0	−0⅛	9.51
EEC 10⅛ 93	100	104⅛	104⅞	+0⅛	−0⅛	8.43
EEC 9⅜ 94	200	103⅛	103⅝	−0⅛	−0⅛	8.25
EIB 9⅝ 88	60	102⅛	103⅛	+0⅛	+0⅛	8.10
Inter-American 10⅛ 91	100	105⅛	106⅛	+0⅛	+0⅛	8.22
Ireland 10⅛ 86	100	102	102½	0	+0⅛	8.44
Mexico 11 88	100	103	103⅜	+0⅛	+0⅛	10.25
Mr. Bk. Dnmk. 10⅛ 91	100	103⅜	104⅛	+0⅛	+0⅛	9.85
Nacnl. Financiera 11 90	150	100⅛	100⅞	−0⅛	−0⅛	10.89
Nat. West. 9⅞ 92	100	105⅛	106	−0⅛	−0⅛	8.96
New Zealand 9⅜ 89	200	104⅞	105⅜	+0⅛	0	8.80
OKB 9⅜ 86	150	102⅞	103⅛	0	−0⅛	9.08
Quebec 10⅜ 92	150	106⅜	106⅞	−0⅛	+0⅛	8.16
Quebec Hydro 10⅜ 91	150	105⅜	106⅛	0	+0⅛	8.26
Tauernautobahn 9⅞ 94	50	103⅛	103⅝	0	+0⅛	9.35
Venezuela 11⅛ 91	100	101⅜	101⅞	+0⅛	+0⅛	11.21
World Bank 9½ 88	100	102⅜	102⅞	+0⅛	0	8.97
World Bank 10 91	250	105⅞	106⅛	+0⅛	+0⅛	9.06
Average price changes... On day +0⅛ on week 0						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Ansett Transport 7½ 92	50	103	103½	−0⅛	−0⅛	7.04
Asian Dev. Bank 8 90	80	105⅛	105⅝	+0⅛	+1⅛	7.09
Australia 8¼ 93	100	104⅛	104½	−0⅛	−0⅛	6.20
Australia 6½ 94	100	103⅛	103½	−0⅛	+0⅛	6.08
Belgelectric 7½ 91	80	102⅛	102½	−0⅛	+0⅛	7.14
Bel. do Autopistas 8 90	100	100⅛	100½	−0⅛	−0⅛	7.89
CFE-Mexico 8¼ 92	50	99⅛	99⅞	−0½	−1	8.29
Co-op. Denmark 8⅛ 92	25	104⅞	105⅛	0	+0⅛	7.63
Crown Zellrbch. 6¾ 92	100	102⅛	102½	0	+0⅛	6.43
Denmark 7⅛ 91	100	101	101⅛	−0⅛	−0⅛	7.08
EIB 7⅛ 92	100	101⅛	102	−0⅛	+0⅛	6.97
Elet. de France 7 92	100	101⅛	101⅝	−0⅛	−0⅞	6.78
ENEL 8 92	44	99⅝	100⅛	−0⅛	−1⅛	7.99
First City Fin. 8⅛ 92	25	103⅛	103⅝	−0⅛	+0⅛	7.72
Manitoba 7 92	100	105⅛	106	+0⅛	0	6.18
National Pwr. Co. 8 92	30	103⅞	104⅛	+0⅛	+0⅞	7.41
Nippon T. and T. 6⅝ 92	100	103	103⅛	+0⅛	+0⅛	6.19
OKB 7⅛ 92	100	104⅛	104⅛	0	0	7.06
Ost. Donaukraft 7 92	100	103⅛	103⅝	−0⅛	+0⅛	6.55
Ost. Postpar 7⅛ 92	100	103⅛	103⅛	−0⅛	+1⅛	6.99
Philip Morris 6⅜ 92	100	100⅛	100½	0	+0⅛	6.16
Quebec 7⅜ 92	100	104⅛	104½	−0⅛	−0⅛	6.75
Soc. Lux. de Cnt. 8⅜ 92	80	104⅛	105	+0⅛	−0⅛	7.30
Transcanada Pipe. 7 94	100	102⅛	103⅛	0	−0⅛	6.62
Vorarlberg Kraft 6⅝ 92	50	102⅛	102½	−0⅛	−0⅛	6.42
World Bank 8 91	100	106⅛	106⅝	+1⅛	+0⅛	7.03
Average price changes On day −0⅛ on week 0						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 91	15	100⅛	101⅛	0	−0⅛	8.13
Int.-Amer. Dev. 8⅜ 81	15	102⅛	103⅛	0	−0⅛	8.43
Japan Airlines 7⅞ 87	5	97⅛	98⅛	0	0	8.42
New Zealand 8⅜ 87	15	101⅛	102⅛	0	0	7.97
World Bank 8⅜ 92	20	100⅛	101⅛	0	+0⅛	8.25
Average price changes... On day 0 on week 0						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Pac. S. 16⅜ 89 C$	50	†98⅝	99⅝	0	0	16.61
Crd. Foncier 17⅛ 89 C$	30	†98⅝	99⅝	0	0	17.36
Montreal 17 89 C$	50	†101⅛	102	0	−0⅛	16.52
Queb. Hydro 16⅝ 89 C$	50	†99⅛	100	0	−0⅛	16.53
Quebec Prov. 17 88 C$	50	†101⅛	102⅛	0	−0⅛	16.43
Simpsons 16⅝ 89 C$	40	†95⅛	96⅛	−0⅛	−0⅛	17.79
Tordom Cpn. 16½ 88 C$	25	†98	99⅛	0	−0⅛	16.66
U. Bk. Nwy. 9⅜ 90 EUA	18	89⅛	90⅛	−0⅛	0	11.48
Algemene Bk. 10⅜ 86 Fl	60	101	101⅛	+0⅛	+0⅛	9.82
Amfas Group 12⅜ 86 Fl	40	105⅛	105⅝	+0⅛	+0⅛	10.85
Amro Bank 12 86 Fl	60	106⅛	106⅝	+0⅛	+0⅛	10.12
Phil. Lamps 10⅜ 87 Fl	100	100⅛	101	—	—	10.04
Pierson 10⅜ 86 Fl	50	100	100½	0	0	10.14
Rabobank 12 86 Fl	50	105⅛	106⅛	0	+0⅛	10.08
OKB 14 86 FFr	400	91⅛	92⅛	−0⅛	+0⅛	17.12
Solvay et C. 14⅜ 86 FFr	200	92⅛	93⅛	−0⅛	+0⅛	17.48
Acona 14 85 £	20	94⅛	95⅛	0	+2⅛	15.99
Beneficial 14⅝ 90 £ (D)	20	86⅛	87⅛	−0⅛	−0⅛	17.22
BNP 13½ 91 £	15	89⅛	90⅛	0	+0⅛	15.61
CECA 13⅜ 88 £	20	93⅛	94⅛	0	−0⅛	14.95
Fin. Ex. Cred. 13⅜ 86 £	15	94⅞	95⅛	+0⅛	0	15.38
Gen. Elec. Co. 12⅜ 89 £	50	91⅛	92⅛	+0⅛	+0⅛	14.33
Hiram Walker 14⅜ 86 £	25	96⅛	97⅛	0	−0⅛	15.39
Privatbanken 14½ 89 £	12	93⅛	94⅛	+0⅛	0	16.13
Quebec 15½ 87 £	35	100⅛	101⅛	0	+0⅛	15.17
Reed (Nd) NV 16⅜ 89 £	25	101⅛	102⅛	0	+0⅛	16.11
Royal Trustco 14 86 £	12	96⅛	97⅛	−0⅛	−0⅛	15.08
SDR France 15½ 92 £	30	98	98⅝	−0⅛	−0⅛	15.82
Swed. Ex. Cr. 13⅜ 86 £	20	96⅛	97⅛	0	+0⅛	14.74
Eurofima 10⅜ 87 LuxFr	500	96⅛	97⅛	−0⅛	−0⅛	11.26
EIB 9⅜ 88 LuxFr	600	94⅛	95⅛	−0⅛	+0⅛	11.04

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5⅛ 92	0⅛	98	98⅛	15/10	15.69	15.97
Bank of Montreal 5⅛ 91	0⅛	98⅛	99⅛	29/10	15⅛	15.30
Bk. of Tokyo 5⅛ 91 (D)	0⅛	98⅛	99⅛	10/6	13⅛	13.40
Bk. Nova Scotia 5⅛ 93	0⅛	99	99⅛	29/10	15⅛	15.24
BFCE 5⅛ 88	0⅛	99⅛	99⅛	28/10	15	15.08
BFCE 5⅛ 87	0⅛	99⅛	100	27/7	16⅛	16.25
CCCE 5⅛ 2002	0⅛	98⅛	98⅛	11/6	14.82	15.04
Co-Ban Eurofin 5½ 91	0⅛	98⅛	99⅛	14/10	16	16.16
Credit Agricole 5⅛ 97	0⅛	99	99⅛	24/9	15.44	15.55
Credit Lyonnais 5⅛ 97	0⅛	99⅛	99⅛	1/10	16	16.06
Credit Nat. 5⅛ 94	§0⅛	98⅛	98⅛	9/8	14.69	14.89
Denmark, Kngdm. of 92	0⅛	†99⅛	99⅛	25/8	15.44	15.52
Den Norske Cred. 5½ 93	0⅛	97⅛	98⅛	4/8	13.56	13.84
Genfinance 5⅛ 92	0⅛	99⅛	100	30/8	15⅛	15.54
GZB 5⅛ 92	§0⅛	98⅛	99⅛	8/5	14.94	15.09
Ind. Bank Japan 5⅛ 88	0⅛	99⅛	99⅛	8/5	13.31	13.40
Lloyds Eurofin 5⅛ 93	§0⅛	99	99⅛	29/4	17.13	17.26
LTCB Japan 5⅛ 89	0⅛	99⅛	99⅛	16/7	16.31	16.39
Midland Int. Fin. 9 91	0⅛	99⅛	99⅛	30/10	16.19	16.28
Nat. West. Fin. 5⅛ 91	§0⅛	99⅛	99⅛	15/7	15.19	15.28
New Zealand 5⅛ 87	0⅛	99⅛	98⅛	7/10	15.56	15.64
Nippon Credit 5⅛ 90	0⅛	99⅛	99⅛	10/8	16.06	16.14
Nordic Int. Fin. 5⅛ 91	0⅛	98⅛	99	6/5	15⅛	15.82
Offshore Mining 5⅛ 91	0⅛	98⅛	99⅛	2/6	13	13.13
PKbanken 5 91	0⅛	98⅛	99⅛	17/6	14⅛	14.60
Scotland Int. 5⅛ 92	0⅛	98⅛	99	22/9	15⅛	15.57
Sec. Pacific 5⅛ 91	0⅛	99	99⅛	24/5	13⅛	13.35
Societe Generale 5⅛ 95	0⅛	99⅛	99⅛	1/9	15.31	15.41
Standard Chart. 5⅛ 91	0⅛	98⅛	99	18/5	13.31	13.48
Sumitomo Fin. 5⅛ 88	0⅛	99⅛	99⅛	9/8	16	16.06
Sweden 5⅛ 89	0⅛	99	99⅛	26/8	15.31	15.43
Toronto Dmin'n 5⅛ 92	0⅛	99⅛	99⅛	11/8	16⅛	16.44
Average price changes... On day 0 on week 0						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	91⅛	93⅛	+0⅛	6.34
Bow Valley Inv. 8 95	4/81	23.13	95⅛	97⅛	+0⅛	58.90
Bridgestone Tire 5½ 96	3/82	470	92	93⅛	+0⅛	−1.78
Canon 6⅛ 95	1/81	829	96⅛	98⅛	+1⅛	11.68
Daiwa Secs. 5½ 96	12/81	513.3	†84⅛	86⅛	+0½	−2.67
Fujitsu Fanuc 4⅛ 96	10/81	5641	96⅛	98⅛	+0⅛	6.66
Furukawa Elec. 5⅛ 96	7/81	300	102	103⅛	+1	−3.67
Hanson O/S Fin. 9⅛ 96	8/81	1.36	†86	87	0	−8.46
Hitachi Cable 5⅛ 96	2/82	515	93⅛	95⅛	+3½	3.14
Hitachi Cred. Con. 6 96	7/81	1612	84⅛	85⅛	+0⅛	1.36
Honda Motor 5⅛ 97	3/82	841	89⅛	90⅛	+1⅛	−0.16
Inchcape 8 95	2/81	4.55	†62⅛	64	0	22.17
Kawasaki 5⅛ 96	9/81	229	72⅛	73⅛	+1⅛	2.50
Marui 6 96	7/81	846.4	101½	103	+3	3.05
Minolta Camera 5 96	10/81	828.4	66⅛	67⅛	+2⅛	17.16
Minorco 9⅛ 97	5/82	8.16	†86⅛	88	+0⅛	16.86
Murata 5⅛ 96	7/81	2168	63⅛	64⅛	+1⅛	14.19
NKK 6⅛ 96	7/81	188	87⅛	88⅛	+0⅛	−10.70
Nippon Chemi-C. 5 91	10/81	919	63	65	0	2.03
Nippon Electric 5⅛ 97	2/82	846	92⅛	94⅛	+4⅛	8.67
Orient Finance 5⅛ 97	3/82	1205	97⅛	98⅛	+1⅛	1.03
Sanyo Electric 5 96	10/81	652	72	73⅛	+0⅛	11.07
Sumitomo Elec. 5⅛ 97	3/82	577.3	92⅛	94⅛	+1⅛	1.82
Sumitomo Met. 5⅛ 96	10/81	296.1	67½	69	+2½	15.72
Swiss Bk. Cpn. 6⅛ 90	9/80	191	74	76	−0½	24.80
Konishiroku 6 90 DM	2/82	585	102	103	0	4.70
Mitsubishi H. 6 89 DM	2/82	263	94⅛	95⅛	0	12.83

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate († three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

How Morgan helps treasurers make money in today's tough money markets

Four of the Morgan officers who solved a client's long-term financing problem with a foreign currency borrowing privately placed and hedged into U.S. dollars. From left, Jonathan Seem, head of the bank's Far West Department; Maureen Hendricks, International Financial Management; Robert Engel, Executive Vice President and Treasurer; Bruno Eberli, Foreign Exchange Trading.

Succeeding in world financial markets may be even tougher tomorrow than it is today. The choices are multiplying. The risks are rising. The rules—and rates—keep changing. Now, more than ever, corporate treasurers need up-to-the-minute money-market information, sound advice, timely execution. And ideas.

Any bank can lend you money at a rate. At The Morgan Bank we try to add value. How? By coming up with innovative solutions to short- or long-term financing needs. By understanding and anticipating developments in the world's money and capital markets. By helping you act *in time.*

Here's why treasurers of major multinationals increasingly turn to Morgan to achieve corporate funding and investing goals.

Morgan gives you experience. No bank knows more about the interrelated elements that affect financial markets—interest rate differentials, currency fluctuations, capital flows, central bank strategies. Around the world, around the clock, Morgan people exchange vital information and ideas. They learn what's going on, and so will you.

You'll get a global perspective—from the country-by-country analyses of our international economists to interest rate and currency judgements by our foreign exchange specialists.

Morgan concentrates We specialise in serving corporate, institutional, and government clients. And we've centralised all our money-market activities in our Treasurer's Division. Whether located in New York or in other world financial centres, our traders, analysts, and portfolio managers are close to their markets and in constant communication with each other. And their expertise is readily available to all our banking officers.

This unified approach gives Morgan and its clients more speed, more contact, more *knowledge* than ever before.

Morgan's needs parallel yours. Our treasurer needs to raise funds and invest for our bank just as you do for your company. Since our interests are alike, we use the same skills, data, and advanced technology to help you that we use to manage our own portfolio and worldwide positions.

Morgan is fast. You'll be impressed by how quickly we respond to your requests and make major commitments. That's because we know the sources and users of funds, how to gain access to them, and the best choices to meet your corporate needs. And we're not bound by red tape. Morgan officers have the authority to make decisions on their own, on the spot.

Morgan is a market-maker. We make markets in U.S. government and agency securities, municipals, Eurobonds, foreign currencies. We also deal in our own and other banks' CDs.

The markets we make are large enough so that even our biggest clients can deal within them—and know that Morgan spreads will be among the most competitive they can find anywhere.

Morgan helps you manage liquidity. When you have surplus funds to invest we give you a choice of investment options that cover the full spectrum of money-market instruments. When you need money we provide competitive short-term credit for working capital and other purposes, in dollars and local currencies.

Morgan is good for the long term. Among the growing number of longer-term financing options we offer are loans for fixed assets and for project development. Morgan also arranges private placements in various currencies with U.S. and foreign investors. Through our London subsidiary, Morgan Guaranty Ltd, we're one of the fastest growing underwriters of fixed-rate, floating-rate, and convertible securities in the Eurobond market.

Morgan gives you ideas. Because The Morgan Bank makes major commitments as principal in both capital and foreign exchange markets, we can often help reduce the cost of your dollar and foreign currency financings. We can also show you how to reduce the effective costs of your *total* financing through efficient tax planning. We'll develop new ways to protect you against foreign exchange exposures. And we'll alert you to hedging and arbitrage opportunities.

Morgan is ready to help. Talk to the Morgan officer who serves you, or telephone Ettore Landi, vice president and London treasury head, Morgan Guaranty Trust Company, 1 Angel Court, London EC2R 7AE. Telephone (01) 600-2300.

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The Morgan Bank

Thomson-Brandt in red as TV tube losses mount

BY DAVID WHITE IN PARIS

THOMSON-BRANDT, one of the two big French electrical concerns included in the recent nationalisations, expects final 1981 figures to show a consolidated loss of FFr 180m ($30m).

The loss, announced by M Alain Gomez the chairman, came after a net profit of FFr 502m the year before.

*M Gomez attributed the set*back principally to heavy deficits in colour television tubes and in the public telephone interests which it took over in the mid-1970s from ITT and Ericsson.

Thomson has been cutting capacity at its TV tube unit, Videocolor, for which it has taken full responsibility following last year's decision by both RCA of the U.S. and West Germany's AEG-Telefunken to withdraw their equity holdings.

At the same time, the group has faced problems launching a new digital telephone exchange. This system, the MT 20, made by the majority owned electronics offshoot Thomson-CSF, is designed to rival the successful E10 model made by its competitor, CIT-Alcatel, also now state-controlled.

M Gomez said that the group's medical and electronic components activities also weighed heavily on the overall result.

About FFr 80m of the total loss resulted from Thomson-CSF and its subsidiaries. This includes the semi-conductor branch, which appears set to take a leading role in French Government strategy in this sector.

Group turnover increased to FFr 43.6bn from FFr 36.5bn. *This included the incorporation* of new interests such as the whole of Videocolor's sales of FFr 800m. On a comparable basis, the increase was just under 14 per cent.

Sales outside France accounted for 46 per cent of the total. Of this FFr 6.1bn came from foreign subsidiaries and FFr 20.1bn from direct exports.

Thomson-CSF which turned a parent company net profit of FFr 279m into a FFr 63m loss, said it would omit its dividend after paying a net FFr 10.50 per share for 1980.

The setback—the first time Thomson-CSF has gone into the red or failed to pay a dividend since it was formed in 1967—comes after six years of strong profit growth. Consolidated net earnings in 1980 were a record FFr 307m.

Upsurge at Spie Batignolles

BY TERRY DODSWORTH IN PARIS

SPIE BATIGNOLLES, the French construction company owned by the Empain-Schneider group, is to raise FFr 120.4m ($20m) in a rights issue aimed at *financing its overseas* development and investment in offshore technology.

The *company* announced the one-for-three issue, at a price of FFr 125, following publication of 1981 figures which showed a big boost in profits. Net consolidated profit amounted to FFr 114m ($19m) against FFr 91m in the previous year, while cash-flow rose to FFr 380m compared with FFr 310m.

The group's sales also showed a high jump, going up by 32 per cent to FFr 10.1bn, against FFr 7.7bn in 1980. Spie Batignolles said yesterday that sales growth had continued to accelerate this year, even with*out taking account of the recent* acquisition of Trindel, an electrical installation specialist.

The company also indicated that the take-over of Trindel marked an important step in its plans to develop an industrial automation division. Some of the cash raised by the rights issue will be injected into this area, it said.

In marked contrast to Spie, Fougerolle, another major French construction group, suffered a sharp fall in consolidated profits last year to FFr 32m against FFr 55.6m in 1980. Turnover rose to FFr 6.3bn against FFr 4.9bn.

Talks on a possible merger between Fougerolle and Spie were begun last year, but now seem to have been broken off.

At holding company level, the two companies have common shoreholders, since *Empain-Schneider is controlled* by Paribas, which also has the controlling stake in Fougerolle. Since the *talks* were launched, Paribas has been nationalised.

● Matra, the French electronics and arms group, expects parent *company* net earnings this year to reach FFr 250m, about 59 per cent more than in 1981. The forecast is based on a prediction that sales will rise by 22 per cent this year to FFr 5.5bn.

German engineer proposes share issue

By Kevin Done in Frankfurt

MANNESMANN, the West German steel pipe and mechanical engineering group, is raising DM 310m ($132m) through its first rights issue for seven years.

At the same time the group is stepping up the dividend for 1981 to DM 6 per share from DM 5.50 in 1980.

After several years of weak profits, Mannesmann increased group after-tax earnings last year by DM 90m to DM 272m, an increase of 49 per cent.

Turnover worldwide rose by 18 per cent to DM 15.4bn, helped by the inclusion for the first time of Hartmann und Braun, the electrical equipment manufacturer acquired from AEG-Telefunken. Excluding Hartmann und Braun, Mannesmann sales rose by 14 per cent.

Mannesmann has been helped chiefly by the far-reaching restructuring of its pipe and steel producing operations as well as by improved results from pipe sales and trading activities.

The main growth last year came from foreign markets and more than two-thirds of turnover arose outside West Germany. Exports accounted *for 60 per cent of sales of the* domestically-based companies compared with 56 per cent in 1980.

Mannesmann steel pipe production rose by 14 per cent last year to 3.5m tonnes, while crude steel production increased by 6 per cent to 4.5m tonnes.

The planned rights issue *will be on a one-for-eight* basis at DM 125 per share. The new shares will be eligible for 1982 dividends.

Mannesmann shares have been trading this week at around DM 145.

IBM Italia boosts income and turnover

By James Buxton in Rome

IBM ITALIA, the Italian subsidiary of the U.S. computer manufacturer, increased its turnover by almost 34 per cent in 1981 to L1,998bn ($1.53bn). Net profits were up 22 per cent to L218.5bn.

In 1980 the company was the most profitable of those Italian companies which publish results. Profits were L178bn, almost 12 per cent of the L1,492bn turnover. Last year profits amounted to around 11 per cent of turnover.

The company increased investment spending last year by 24.6 per cent to L415bn. The workforce grew by 8 per cent to more than 12,000. The percentage of turnover exported rose by 38 per cent to L666bn.

The investment spending necessitated a large increase in borrowing, and debt increased from L83bn to L259bn.

IBM has a dominant position in the Italian market for large computers, which Olivetti, the only indigenous computer manufacturer, does not make. Its competitive position is being strengthened as it brings out smaller models.

Schickedanz drops plans to enter U.S. market

BY OUR FRANKFURT STAFF

SCHICKEDANZ of West Germany, which includes Quelle, Western Europe's largest mail order group, has given up attempts to break into the U.S. mail order market. It said yesterday it had withdrawn its letter of intent to buy a 51 per cent stake in Aldens, the fifth largest mail order house in the U.S.

The $20m deal has fallen through because of the shaky finances of the Aldens' parent company, Wickes, one of America's largest retailers, which late last month had to file for protection from its creditors in a U.S. federal bankruptcy court.

Queele has been searching for an entry into the U.S. mail order market for more than five years and began negotiations with Chicago-based Aldens 12 months ago.

Swiss insurer raises payment

BY JOHN WICKS IN ZURICH

WINTERTHUR, the Swiss insurance group, plans increased dividends for 1981 following a modest improvement in profits for the year.

Winterthur Swiss Insurance is increasing its payment from SwFr 46 a share to SwFr 50 and Winterthur Life Insurance is paying SwFr 80 a share, against SwFr 70 in 1980.

Consolidated profits of the combined group went up from SwFr 63.5m to SwFr 71.8m ($36.8m) last year. Joint premium income rose by 3.6 per cent to SwFr 3.88bn, or by 10.6 per cent in terms of local currencies.

Winterthur Swiss Insurance improved net earnings slightly from SwFr 62.4m to SwFr 63m, an increase in investment income more than offsetting unsatisfactory underwriting results.

Ruetgerswerke pays same on lower profits

By Stewart Fleming in Frankfurt

DESPITE a 10 per cent rise in group sales to DM 2.5bn, ($1.06bn), Ruetgerswerke, the Frankfurt based chemicals and construction materials group, suffered lower profits last year, and is facing another difficult year in 1982.

Earnings per share fell from DM 31.38 to DM 29.20. Profits after tax were DM 20.3m, compared with DM 33.3m in 1980. This figure is struck, however, after putting DM 15.5m into a reserve aimed at stripping out stock profits from earnings.

The company is paying an unchanged dividend of DM 8.50 a share.

Among factors which adversely affected profits last year was the recession in the German construction industry. Strong export and overseas sales, which increased the overseas share of Ruetgers turnover from 27 to 30 per cent helped to offset the weakness at home. Overseas sales of basic chemicals, plastics and intermediate organic chemicals were especially strong.

INTERNATIONAL APPOINTMENTS

President of Hertz Europe

● Mr Freddy M. Dellis has been appointed president of HERTZ EUROPE with responsibility for the company's operating network in Europe, Africa and the Middle East. Mr Dellis has held previous management posts with Hertz in Benelux, Scandinavia and the U.S. Mr Austin Reid has been appointed division vice-president finance and administration and Mr John Hambly division vice-president sales and marketing.

● Dr Orion L. Hoch will become president and chief operating officer of LITTON INDUSTRIES on June 3. A former deputy head of Litton's business systems and equipment operations, Dr Hoch was president and chief executive officer of Intersil.

● REDMAN HEENAN INTERNATIONAL has appointed Mr David Hunter an executive director of its test plant division. From his base in Tokyo, Mr Hunter will be responsible for developing the Far Eastern and North American markets for the RHI test plant division products. Mr Hunter was commercial director of Froude Engineering, a member of the RHI group of companies.

● Dr Nicolas J. Baer, of Bank Julius Baer, has been elected chairman of the ZURICH STOCK EXCHANGE as successor to Mr Hans-Rudolf Rahn, of the Rahn und Bodmer Banking house. Mr Richard Schait, manager of Union Bank of Switzerland, succeeds Mr Hans-Conrad Kessler, central manager of Swiss Bank Corporation, as the stock exchange's vice-chairman.

● Mr Joseph D. Brenner is retiring from AMP INC on May 1 and Mr Walter F. Raab, vice-chairman, will succeed him as chairman and chief executive. *Mr Brenner will continue as a* director and will be chairman of the board's executive committee.

● Mr Robert F. Slagle has been elected treasurer of ALUMINUM COMPANY of America. He succeeds Mr C. R. Pfeifer, who is leaving Alcoa to pursue other business interests. Mr Slagle served as general manager—technology marketing division before being named treasurer.

In 1976, he was named director-president of Alcoa Aluminio, S.A., Alcoa's Brazilian affiliate in Sao Paulo. He returned to Pittsburgh in 1979 as manager international strategic planning and became general manager—technology marketing division in May, 1980. Mr Slagle is a former director of the Brazilian Aluminum Association.

● Mr Jan van Amerongen has been appointed vice president, finance, of the best foods unit of CPC NORTH AMERICA. He was executive assistant to the vice president of marketing of the unit.

● ESTEE LAUDER INC has made the following changes: Mr Leonard A. Lauder, who has been president of Estee Lauder Inc since 1972, will assume the additional title of chief executive officer. Mr Ronald S. Lauder will continue as executive vice president of Estee Lauder Inc and will also become chairman, Estee Lauder International Inc, the affiliate of Estee Lauder Inc, which markets the company's products.

● EG&G INC has made the following appointments: Mr Bernard J. O'Keefe, chairman and chief executive officer of EG&G Inc, Mr Joseph F. Turley, president and chief operating officer. The Gillette Company and Mr Kent F. Hansen, associate dean of engineering and Professor of nuclear engineering at the Massachusetts Institute of Technology, have been made directors. Mr David J. Beaubien, vice-president of new business development, has been elected to senior vice-president. Mr Harold D. Cunningham, general manager of Reynolds Electrical and Engineering Company has been elected a vice-president. Mr Charles C. Francisco, group vice-president, has been made senior vice-president. Mr Leo M. Kelly, general counsel and clerk of the corporation, has been appointed a vice president and Mr John M. Kucharski, group vice-president, has been promoted to senior vice-president.

● PARKER HANNIFIN CORPORATION is appointing Mr Paul G. Schloemer president and director on July 1. Mr Schloemer, a group vice-president, will take over from Mr Patrick S. Parker chairman and chief executive, who has been filling in the post.

● FALCONBRIDGE has elected Mr William James as president and chief operating officer, succeeding Mr H. T. Berry, who remains chairman and chief executive officer. Mr James was executive vice-president at Noranda Mines where he was responsible for mining and metallurgical operations.

VONTOBEL EUROBOND INDICES
14.5.76—100%

PRICE INDEX	4.5.82	27.4.82	AVERAGE YIELD	4.5.82	27.4.82
DM Bonds	96.87	96.09	DM Bonds	8.982	9.047
HFL Bonds & Notes	99.61	99.44	HFL Bonds & Notes	10.053	10.085
U.S. $ Strt. Bonds	90.08	89.87	U.S. $ Strt. Bonds	14.003	14.022
Can. Dollar Bonds	91.80	90.40	Can. Dollar Bonds	15.256	15.204

INTERNATIONAL COMPANIES and FINANCE

EXPORTS ADVANCE BY 17%

Siemens improves first-half results

BY STEWART FLEMING IN FRANKFURT

SIEMENS, West Germany's largest electrical company, has reported an 8.6 per cent improvement in its earnings in the first six months of its current financial year.

In an interim report to shareholders, the company said that profits after tax rose to DM 313m ($134m) in the six months to March, compared with DM 288m in the same period of last year.

Sales revenues rose by 13 per cent to DM 18.1bn ($7.7bn), largely because of the strength of export and foreign sales which rose by 17 per cent to DM 10.2bn, compared with a 9 per cent rise to DM 7.9bn, in sales in Germany. The company is expecting a 10 per cent sales increase to around DM 38bn for the year.

The results for the first six months suggest that the efforts made in the past year to improve the short term profitability of the group have begun to have an impact.

A number of marginally profitable operations have been trimmed back or closed, and the group workforce has been cut substantially. The workforce, with an average of 333,000 employees in the first half, has been reduced by around 10,000 in comparison with last year. Profit margins have improved from 1.5 per cent of sales to 1.7 per cent.

The company said that new orders from abroad in the first half were 27 per cent higher at DM 13.8bn. The continued recession in the German domestic electrical industry market is reflected in an unchanged domestic orders level of DM 8.5bn.

SIEMENS RECENT PERFORMANCE

*	Sales DM	Net profits DM
1976	20.7bn	606m
1977	25.2bn	650m
1978	29.0bn	721m
1979	28.0bn	682m
1980	31.9bn	633m
1981	34.6bn	509m

* Year ends September

Growth at Peico despite stoppage

By R. C. Murthy in Bombay

PEICO ELECTRONICS and Electricals, the Indian lamp manufacturer in which Philips has a 40 per cent holding, achieved a 17.8 per cent increase in earnings to Rs 183.3m ($19.5m) last year. Sales increased 24 per cent to Rs 48bn ($157m), despite a long stoppage at the company's Pune plant.

Peico, which is the market leader in sales of electric lamps and lighting, is also a major force in entertainment and professional electronics. It attributes last year's sales increase to higher turnover in electrical fittings, lamp components, welding electrodes and batteries, as well as to a higher level of project installation.

Peico also reported that exports during last year rose by 50 per cent to Rs 63.2m.

The company has introduced a range of energy-saving lamps and lighting equipment, in line with the Indian Government's policy of trying to reduce oil and refined petroleum imports.

Future plans for expansion include an extension of capacity to manufacture specialised electrodes.

Record profits and higher payout at Esso Malaysia

BY WONG SULONG IN KUALA LUMPUR

ESSO MALAYSIA, a subsidiary of Exxon, has reported a record after-tax earnings up by 87 per cent to 67.7m ringgit (US$ 29.4m), for 1981 and the company is paying a final dividend of 50 cents, making 150 cents for the year compared with 65 cents in 1980.

The record profits were made on higher refining and sales turnover and came from Esso's ability to obtain cheaper Saudi crude, the company said.

The refinery at Port Dickson processed 38,200 barrels a day, a 7 per cent improvement, while sales of oil products were 29 per cent higher at 1,528m ringgit.

Esso said, however, that the 1981 growth rate was unlikely to be repeated in the current year. Recent adjustments in world oil prices have eliminated much of the advantage of taking Saudi crude, and the refinery is also expected to process a larger volume of higher-priced Malaysian crude to meet demand for petrol.

The company also expects Petronas, the Malaysian Government oil company, to expand its network of petrol stations, and Esso's ammonia business continues to be weak because of keen competition in the fertiliser trade.

Last week Shell Refining Company Berhad reported a 34 per cent improvement in after-tax profit to 35.5m ringgit and increased its dividend by 5 cents to 25 cents for 1981.

U.S. chip makers see upturn

BY LOUISE KEHOE IN SAN FRANCISCO

THE RECESSION is over for the U.S. semiconductor chip industry, according to leading figures in the industry. Encouraged by increasing order rates, the chip makers believe that they are on the way to recovery from the two-year-long trough which has severely reduced profitability and compounded the problems of increasing international competition.

Orders from European distributors, personal computer manufacturers, and video game makers are boosting the semiconductor business, while sales to mainframe computer makers—traditionally major customers—remain flat.

Leading the new sense of optimism, Mr W. J. Sanders, chairman of Advanced Micro Devices, last week declared: "The recession is over for AMD." Sales began to pick up in mid-February, the company reported, and have continued to be strong ever since. Mr Sanders predicts that AMD will increase sales by around 30 per cent to $360m in the year to March 1983.

Intel shares AMD's confidence. The company hired 500 new workers for its manufacturing facilities in the last quarter and could hire a higher number this quarter, said Dr Gordon Moore, Intel's chairman.

Signetics says that it is booking more orders than it is shipping for the first time since the spring of 1980. The industry average book-to-bill ratio, which is regarded as the industry's most sensitive business indicator, moved up to 1.18 in March — the third consecutive month above unity.

Another measure of the level of industry activity — orders for the raw silicon wafers from which chips are made — are up 70 per cent, according to Siltec, a major California supplier. "We have seen a steady improvement since February," commented Mr James M. Hansell, finance vice-president.

At National Semiconductor, Mr Bert Moyer, vice-president of finance, is, however more cautious. "When we are still looking at a high prime rate and high unemployment, it is difficult to see an upturn," he commented. The industry's production capacity is still only 71 per cent utilised. Mr Moyer points out. He believes that the current improvement might be just short-term reflecting inventory replacement. "But we hope to hell we are wrong."

South African cement group pulls ahead

By Thomas Sparks in Johannesburg

PRETORIA Portland Cement, one of South Africa's major cement producers, saw pre-tax profits rise from R26.1m to R33.4m ($31.9m) in the first half ending March 31.

The company, a 54 per cent owned subsidiary of Barlow Rand, was helped by continuing high demand for cement. Turnover rose from R103.4m to R129.4m for the half. In the year ending September 30 1981 pre-tax profits were R64.9m, and turnover was R229.4m.

The volume of cement sales for the year was 12 per cent higher than in 1979/80. But sales volume for the lime division was 2.6 per cent lower as a result of poorer demand by the mining industry.

Price control of cement has been lifted, and the industry is expected to increase prices and achieve an adequate return on assets.

However, the company expects cement sales volumes to decline in the current six months, and total cement sales in this financial year to be only slightly higher than last year. Earnings per share are expected to rise by about 12 per cent.

An interim dividend of 19 cents has been declared from first half earnings of 101.2 cents a share, against last year's 16 cents from 82.7 cents per share.

Khalij Commercial Bank receives capital boost

BY MARY FRINGS IN BAHRAIN

KHALIJ COMMERCIAL Bank, a privately owned bank in Abu Dhabi, which is understood to have incurred some doubtful debts on loans to contractors, has boosted its capital strength with the help of a UAE DH 500m ($133m) subordinated loan arranged by a major shareholder. The bank has also obtained a guarantee supported by another depositor, against one of the outstanding loans.

The five-year subordinated loan, at an interest rate of 2 per cent, avoids the need to raise more capital at a time when the market is thought to have been drained of funds. The issued capital of Khalij Commercial Bank is DH 100m and total net worth, excluding the $133m subordinated loan, is $40m.

The bank this week reported a 1981 profit of DH 22m, 5 per cent up on the previous year. Total assets, exclusive of contra items, stood at DH 2.6bn, and loans and advances at DH 1.9bn.

Isetan Singapore tops forecast

By Georgie Lee in Singapore

ISETAN (SINGAPORE), the Singapore joint venture department store operator of the Isetan group of Japan, has reported a sharp improvement in earnings, exceeding its own forecast, for the year ended November 1981.

Group pre-tax earnings rose by 55.8 per cent to S$18.17m (US$8.64m) exceeded the projection of S$15m made when the company was seeking listing on the Singapore stock exchange last September.

Romatex hit by downturn in spending

BY OUR JOHANNESBURG CORRESPONDENT

A DOWNTURN in spending on semi-durables by South Africans has badly hurt Romatex, the country's largest floor coverings manufacturer, in the six months ended March. First-half trading income fell to R22.5m ($21.4m) from R25.4m in the same period a year ago and compares with R55.2m for the full year to September.

The fall in demand was much sharper than expected. The floor coverings market was materially affected by a serious shortage of mortgage finance and there has been considerable destocking by wholesalers and retailers since February.

The company expects sales to continue to be affected for the rest of the year and has revised downwards its earlier profit forecast from a modest improvement to a 20 per cent fall if markets do not deteriorate further. If this is the case the same total dividend will be paid.

An unchanged interim dividend of 22 cents has been declared although first-half earnings per share fell to 43.1 cents from 61.2 cents. In the year to September 1981 earnings were 135.1 cents a share and the total dividend was 56 cents.

JAPANESE COMPANY RESULTS

Marginal rise in earnings for Asahi Glass

ASAHI GLASS, Japan's leading glass manufacturer lifted consolidated net income for 1981 to Y23.85bn ($101m) from Y23.63bn. Operating profits were Y47.18bn against Y50.34bn on sales of Y525.29bn compared with Y519.93bn. Earnings per share fell to Y24.31 from Y26.22.

The company forecasts net income of Y25bn for 1982 and sales of Y650bn.

A drop in demand from the motor car and housing industries hurt the 1981 performance. Glass sales rose only 1.1 per cent to account for a 57.9 per cent of the total. Chemical product sales representing 33.5 per cent of the total fell 0.9 per cent.

● Mitsubishi Petrochemical Company incurred a net loss for 1981 of Y1.46bn against profits of Y3.97bn. Sales fell 6.4 per cent to Y400.55bn. The loss per share was Y4.58 compared with earnings of Y12.70.

Several subsidiaries made losses, notably Mitsubishi Petrochemical Engineering Company.

● Yokohama Rubber Company, Japan's second largest tyre manufacturer, posted a Y1.31bn net loss for 1981. Sales were up 1.2 per cent to Y254.76bn. Net loss per share was Y6.84, against a Y3.94 profit in 1980.

Sluggish earnings were blamed on deteriorating rubber market conditions, especially in the second half. Demand in the car industry also waned.

For 1982 Yokohama forecasts net earnings of some Y1.6bn on sales up 5.9 per cent to about Y270bn.

● Kyowa Hakka Kogyo Company, a diversified Japanese pharmaceutical manufacturer, suffered a 3.7 per cent fall in net earnings to Y3.79bn in 1981 on sales up 3.2 per cent higher at Y253.65bn. Net earnings per share dipped to Y13.95 from Y15.39.

The net earnings drop was attributed to a corporate tax increase. The company is anticipating net earnings up by 21.5 per cent to about Y4.6bn in 1982 on sales ahead by 4.4 per cent to about Y265bn.

● Kao Soap Company made after-tax profits of Y4.78bn in year to March 31 against Y3.69bn in 1980-81. Sales came to Y280.63bn compared with Y252.44bn. The dividend is Y7.5 down from Y8.75.

The company forecasts after-tax profit for the current year of Y5.10bn and sales of Y300bn.

Agencies

WORLD STOCK MARKETS

Further early Wall St rally

TUESDAY'S RALLY on Wall Street was extended yesterday morning in further active trading, with individual issues in special situations attracting the most attention.

The Dow Jones Industrial Average, which gained 5.42 the previous day, was 3.90 higher at 858.35 by 1 pm. The NYSE All Common Index added 29 cents at $67.92, while rises outpaced falls by a two-to-one margin. Turnover amounted to 43.43m shares, compared with Tuesday's 1 pm figure of 44.44m.

Analysts said the market appeared to be determined to rally despite the negative background news, particularly regarding the Falkland Islands' crisis. Investors may be buying in anticipation of an economic recovery sometime this summer, they added.

"The market is moving ahead on its own internal momentum," one analyst said. He expects the D-J Average to rise to the 870 level before the rally loses steam.

One of the biggest declines against the trend was recorded by Flow General, off 5½ to $12½ after a late opening. On Tuesday, the company said it expects a sharp drop in earnings for the fiscal third-quarter ended March 31.

Volume leader Storage Technology fell 1⅛ to $22½ on turnover of more than 1.1m shares. The company said it knew of no recent corporate developments to account for the drop.

Northrop rose 1⅝ to $53⅝ on speculation that the Administration may decide to sell Northrop's F5G fighter planes to Jordan.

Metromedia slipped 1¼ to $205. The company announced on Tuesday that it will sell its outdoor advertising operations in Atlanta for an undisclosed amount.

THE AMERICAN SE Market Value Index improved 0.46 to 272.28 at 1 pm. Volume 2.76m shares (3.52m).

Closing prices for North America were not available for this edition.

Canada

Markets showed a downward tendency in light early dealings, with the Toronto Composite Index weakening 4.9 to 1,538.1 at noon. Ten of the 14 sub-group indices in Toronto were lower, with overall declines leading gains by 118 to 85. Golds shed 37.9 to 2,087.8 and Oil and Gas 13.3 to 2,684.3.

Canadian Pacific was unchanged at C$25½ despite reporting a drop in first-quarter earnings to 65 cents per share, compared to C$1.86 in the year-ago period.

With the price of Bullion weakening on international markets, Gold issues had Campflo Mines down 1½ to C$7, Campbell Red Lakes ½ to C$14½ and Dome Mines ½ to C$12⅞.

Germany

In a session that seemed preoccupied with fresh news of combat over the Falkland Islands, stock prices generally receded yesterday in moderate trading. The Commerzbank index retreated 4.5 to 711.7.

Brokers said selling from abroad and position balancing by dealers set the trend, with investors reluctant to commit new funds while the Falklands dispute persists.

BMW, in Motors, fell DM 5.70 to DM 197.50 on speculation that the 1981 dividend, due to be announced today, will be below the 1980 payment of DM 10.

In Chemicals, Kali und Salz dipped DM 13 to DM 159 on reporting a sharp fall in interim turnover.

Electricals had Siemens, ahead of results, down DM 1.20 to DM 218.50. Varta dropped DM 5.50 more to DM 158.50, making a two-day loss of DM 14.50 on the dividend cut news.

Engineerings held up better than most sectors, with KHD hardening 90 pfennigs to DM 174.90 and MAN unchanged at DM 169, although Linde slipped DM 1 to DM 279.50.

West German Bonds and Debentures recovered somewhat on the expectation that the special Lombard facility, currently open at 9.5 per cent, would be replaced by the regular Lombard, which stood at 9 per cent when it was suspended in February 1981. The market expectations hinge on today's meeting in Berlin of the Central Bank Council of the Deutsche Bundesbank.

Paris

Mostly higher levels prevailed in fairly quiet trading, with sentiment boosted by another ¼ of a point cut in the French Call Money rate to 16¾ per cent yesterday. The Indicateur de Tendance index rose 1.3 to 123.5.

Oils recorded one of the largest rises as a sector, responding to news that the French net oil bill rose 7.6 per cent in the first three months of this year. CFP put on FFr 4.3 to FFr 135.8 and Elf Aquitaine FFr 2.6 to FFr 143.6.

Thomson CS firmed FFr 2 to FFr 172 in spite of Tuesday's announcement of a provisional consolidated net loss of FFr 180m last year, against a FFr 307m profit in 1980.

Australia

Markets tended to drift modestly easier on low volume, with local and overseas traders remaining cautious despite overnight improvements on Wall Street and London stock markets.

The All Ordinaries index slipped 2.1 to 496.6, while the Oil and Gas sub-group index shed 5.5 to 446.9 and Metals and Minerals 2.3 to 361.5.

News that production testing of the Surat Basin oil discovery well, Yellowbank Creek No. 2, has started failed to stimulate participants in the well. Bridge Oil lost 10 cents at A$3.00 and Crusader Oil 20 cents at A$4.80, while Project Oil, 48 cents, and Moonie Oil, A$1.15, were both unaltered.

After hardening on Tuesday on the Jackson No. 3 oil flow announcement, the partners generally lost ground yesterday. Claremont declined 3 cents to 84 cents, CSR 7 cents to A$3.28 and Santos 10 cents to A$4.85, but Vamgas added 20 cents at A$7.30.

Switzerland

Share prices closed mainly lower in above average turnover as substantial selling erased earlier gains.

Investors are increasingly concerned about the deterioration of the Falklands Crisis, dealers said, adding that Monday's news of a renewed rise in City of Zurich consumer prices continued to depress sentiment.

Hong Kong

An early improvement in share prices was eroded by late profit-taking as the market continued its consolidation phase after recent gains.

Stocks ended a shade easier for choice, where changed on balance. The Hang Seng index was down a slight 3.16 at 1,316.20 on the day. Trading remained subdued, with turnover totalling HK$170.34m in the short Wednesday session, against the HK$220.93m recorded in the full-day trade on Tuesday.

China Light, after the previous day's speculative advance of 50 cents, receded 30 cents to HK$14.90.

Johannesburg

Gold shares turned easier with the Bullion price at the close in quiet trading, after failing to show any clear trend earlier. Declines were generally modest, although Libanon lost R1.00 to R15.75 and FS Geduld R1.25 to R26.75.

Mining Financials had Anglos down 20 cents at R11.70, and in Diamonds, De Beers slipped 12 cents to R5.10.

Tokyo

Markets were closed yesterday for the Children's Day holiday.

NEW YORK

Indices

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

SWEDEN

GERMANY

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

HONG KONG

SINGAPORE

SOUTH AFRICA

JAPAN

BRAZIL

NEW YORK ACTIVE STOCKS

LONDON STOCK EXCHANGE

Upward trend in markets reversed as tension mounts over Falklands—Share index falls 8.8 to 575.4

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Mar 29	Apr 15	Apr 16	Apr 26
Apr 19	Apr 29	Apr 29	May 10
Apr 30	May 13	May 14	May 24

* "New time" dealings may take place from 9.30 am two business days earlier.

The first British military setback in the confrontation with Argentina over the Falkland Islands gave a sharp jolt to confidence in London stock markets yesterday. In a marked reversal of sentiment, share prices sustained widespread losses and British Funds recorded falls ranging to ½.

The increased tension was quickly reflected in leading industrials which were marked down sharply at the opening in the face of some fairly heavy selling. A largely technical rally brought quotations off the lowest, but the recovery movement gradually lost impetus with the tone deteriorating against a backdrop of various adverse rumours concerning the crisis.

Mirroring the prevailing nervousness, the FT 30-share index, down 14.1 at the first calculation, rallied to show a loss of 8 points an hour later before easing afresh to record a fall of 10 points at 3 pm; the close was 575.4, which represented a loss of 8.8 after Tuesday's rise of 9.1.

Overall, the trend was to lower levels, rises and falls in FT-quoted industrial stocks reversing the previous day's pattern with the former yesterday in a near 7-to-2 minority. Unsettled by General Accident's first-quarter loss, Composite Insurance shares turned dull, while Engineerings, Stores and Oils also closed with above average losses. The FT-Actuaries' three main indices gave up about 1.2 per cent with the All-share at 328.52.

Gilt-edged securities also passed a tense trading session. Reflecting the Falklands developments, longer dated stock opened around ½ lower and rallied to near overnight closing levels before easing afresh to close with falls ranging to ½. Losses in the shorts extended ¼ and the Government securities index gave up 0.31 to 67.67.

Gen. Accident fall

The shock disclosure of a first-quarter deficit of £11.1m because of escalating underwriting losses depressed General Accident which fell to 288p before closing 8 down at 290p. Other Composite Insurances were marked down in sympathy but ended above the day's lowest in places. Eagle Star lost 8 at 354p and Sun Alliance cheapened 4 to 808p, after 802p. Phoenix also relinquished 4, to 238p and Commercial Union closed a few pence off at 126p, after 124p. Royals picked up from 322p to finish only a penny easier on balance at 32?p.

Escalating military action in the South Atlantic prompted a fresh fall of 8 to 395p in Lloyds on revived fears that the bank's substantial Argentinian assets might be frozen. Other major clearers were also dull with NatWest particularly vulnerable at 403p, down 12. Elsewhere, Smith St Aubyn lost 3 to 34p following poor preliminary figures. Grindlays, at 202p, lost 6 of the previous day's speculative spurt of 13 but Standard Chartered firmed 10 to 635p; the latter shortly go ex-the 50 per cent scrip-issue.

Marked defensively lower at the outset, leading Buildings steadied to close with modest losses on balance, Blue Circle finishing 2 cheaper at 482p, after 478p. Among the companies reporting, P. C. Henderson touched 184p before closing a net 8 up at 180p following the annual results, but John Mowlem, a good market on Tuesday, relinquished 4 to 209p, the increased preliminary profits discounted. The higher profits and dividend helped Aberdeen Construction to add 2 to a 1982 peak of 226p.

After opening lower at 318p, ICI rallied to 324p before drifting off again to close 6 down on balance at 320p. Rentokil put on 5 for a two-day gain of 10 to 162p in response to the chairman's confident statement at the annual meeting.

Thorn EMI dull

Marked sharply lower at the outset of trading, leading Stores attracted sporadic investment support during the afternoon and generally finished well above the day's lowest. Gussies A closed 5 off at 483p, after 480p, while falls of 4 were seen in Marks and Spencer, 158p, British Home, 157p, and House of Fraser, 150p. Woolworths, down at 45½p earlier, rallied to 47½p before reverting to the overnight 47p following vague talk of a bid from the U.S. parent. Secondary counters had little to commend them. Milletts Leisure provided a rare upward movement with a gain of 5 at 100p in response to increased full-year profits.

The popular Electrical majors closed with falls ranging to 13 after an early mark-down was followed by sporadic nervous selling. Thorn EMI fell that much to 430p, while losses of around 7 were seen in GEC, 858p, Plessey, 395p, and Racal, 396p. Elsewhere, recent speculative favourite Kode International eased 10 to 300p, after 295p and Telephone Rentals dipped 7 to 318p. Cable and Wireless lost 5 to 247p, while profit-taking in the wake of the second-half profits upsurge left Sound Diffusion 5 cheaper at 103p. Against the trend, United Scientific advanced 10 to 340p on the Egyptian optics contract.

GKN, 164p, and Tubes, 150p, lost 6 apiece among the dull Engineering leaders. Hawker gave up 4 to 330p and John Brown 3 to 55p, after 53p. Secondary issues displayed an irregular appearance. Molins closed 8 down at 140p following the chairman's profits warning at the AGM, while Doritie Steels, at 168p, lost 5 of the previous day's jump of 30 which followed the agreed bid from Glynwed. Haden fell 10 to 190p and ML 4 to 280p. Aurora softened a couple of pence to 18p, but Matthew Hall rallied from an initial dull level of 188p to 194p, an improvement of a penny on the day, in response to the satisfactory preliminary results.

J. Sainsbury, a strong market recently, touched 655p on the excellent preliminary results and 100 per cent scrip issue proposal before drifting off to close 5 cheaper on balance at 645p. Other leading Foods met little selling, Cadbury Schweppes losing 2 to 102p and United Biscuits 3 to 112p. Nervous offerings in front of today's interim results clipped 10 from British Sugar to 490p.

Channel Tunnel stood out in miscellaneous industrials with a rise of 40 to 170p in response to a Press report predicting that the "chunnel link" project will get the official go-ahead in two weeks time. Sothebys revived with a gain of 10 to 333p but selling ahead of the results scheduled for early next month left De La Rue down 20 at 545p. Foseco Minsep dipped 10 to 205p following further consideration of the results. British Aerospace relinquished 5 at 200p and AGB Research lost 10 at 270p, while Thomas Tilling came on offer at 139p, down 4, and Johnson Matthey gave up 5 at 262p.

Trident TV shed 7 to 75p awaiting the casino licence decision, now expected next Monday. Elsewhere in the Leisure sector, Riley Leisure added 2½ to 105p on the acquisition of the Lucania chain of snooker clubs for £3.1m.

Among Motor Distributors, T. Cowie added 2 to 32½p following the return to profits at the interim stage, but H. Young eased that much to 25p on the proposed £0.15m rights issue.

Newspapers finished with widespread falls on moderate selling. Associated, 195p, and Daily Mail A, 416p, eased 5 apiece, while Pearson Longman shed 3 to 335p. Elsewhere, Associated Paper continued to attract support and firmed 2 more to a 1982 high of 71p; the interim results are due next Tuesday.

A partial rally from depressed opening levels petered out in Properties and quotations closed at, or near to, the day's lowest. Land Securities shed 5 to 288p and MEPC 3 to 192p. Hammerson A remained on offer and gave up 10 more to 545p; the new nil-paid shares lost 5 to 50p premium. The announcement that the company, through its Australian subsidiaries, will receive A$8.1m in final settlement for the sale of its Australian assets to Crown Agents made no apparent impact on Capital and Counties, which shed 3 to 125p. Brixton Estates, a penny cheaper awaiting the preliminary results, steadied on the announcement and closed unchanged on balance at 104p. London Provincial Shop Centres closed 3 cheaper at 442p.

Oils nervous

Leading Oils met scrappy selling, British Petroleum losing 8 to 310p and Shell 4 to 408p. The chairman's statement at the annual meeting made no apparent impact on Lasmo which remained 8 down at 34p. The Humbly Grove participants encountered further profit-taking, Carless Capel losing 8 to 178p, Candecca 6 to 204p and Marinex 12 to 103p.

P & O Deferred attained a 1982 peak of 145p before settling for a net gain of 3 to 143p following the preliminary results and an increase in the dividend that was in excess of market expectations. Other Shippings remained relatively stable although Ocean Transport were noteworthy at 119p, up 3.

A cautious Press reception to the preliminary results prompted further profit-taking in Tootal, which eased 3½ to 37½p.

Tobaccos were briskly traded. Bats succumbed to renewed selling reflecting its sizeable interests in the Argentine and gave up 10 to 450p, while Imperial shed a couple of pence to 96p. Rothmans International, on the other hand, advanced 5½ to 98p amid revived rumours of a bid from Philip Morris of the U.S.

Golds down again

South African industrials were irregular. Tiger Oats added 25 to 800p following the results, but Greatermans A remained under pressure and fell 50 for a two-day loss of 110 at 270p.

Mining markets continued to retreat in the face of renewed weakness in the bullion price, which gave up $6 more to $336.5 an ounce—the first time it has closed below the $340 level since the Argentine invasion of the Falkland Islands.

The sharemarket followed the pattern of recent days with an initial steady opening being followed by persistent small selling and switching from the cheaper-priced marginal issues into the high quality stocks.

The Gold Mines index fell 3.6 more to 236.3, its fifth decline in the last six trading sessions.

Losses in the heavyweights were usually small, but medium and lower-priced stocks showed Stilfontein 30 down at 665p, Libanon 27 off at 707p and Harmony 13 cheaper at a 1982 low of 489p.

London Financials were easier reflecting the recent trend in the bullion price coupled with selling prompted by the weakness in UK equities. Rio Tinto-Zinc fell 9 to 441p.

Australians were mixed in subdued trading. Seltrust "A" dropped 7 to 47p and the "Z" shares 4 to 78p on news that the board is considering a proposal to modify the share structure of the company and that a decision will be made in the next few days.

Cultus Pacific dipped 1½ to 15½p, Metramar 2 to 16p and York Resources a penny to 18p, still reflecting disappointment with the Pisces 1 well which failed to encounter hydrocarbons.

Tins improved with gains of 5 common to Malaysia Mining, 76p, and Berjuntai, 153p.

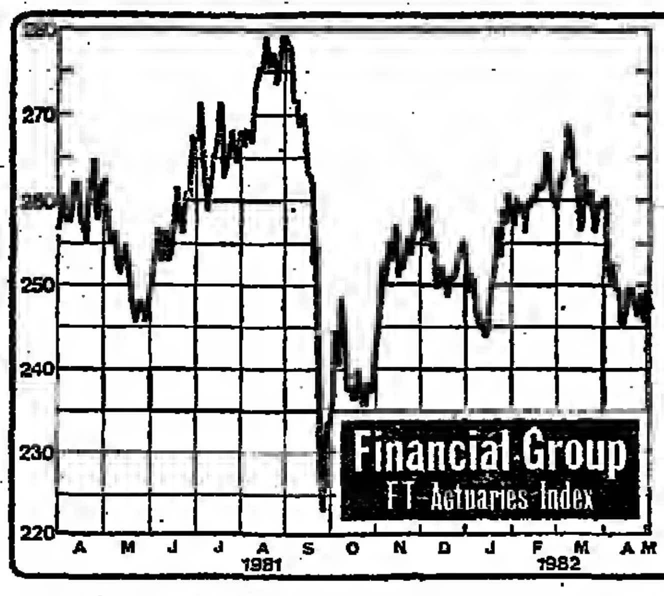
Deals arranged yesterday in Traded Options amounted to 1,588, a sizeable increase on the previous day's activity. Calls totalled 1,131 of which P & O Deferred accounted for 267 following the preliminary results. Imperial recorded 392 calls, with the August 90's and 100's attracting 152 and 163 deals respectively, and 102 puts, 100 taken out in the August 90's. Racal continued to attract a two-way business, recording 117 calls and 45 puts.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
April 26	May 7	July 29	Aug 9
May 10	May 21	Aug 12	Aug 23
May 24	June 11	Sept 2	Sept 13

For rate indications see end of Share Information Service

Stocks favoured for the call included J. Hepworth, Premier Oil, Courtaulds, Nimslo, ICL, Trident TV A, RHM, Johnson and Firth Brown, First National Finance, Stanelco, Rank Organisation, Brent Walker, International Petroleum, Chamberlain Phipps and Woodside. A put was taken out in Sears, while doubles were completed in Nimslo, Premier Oil, Turner and Newall, Burmah Oil, Charterhall and Marks and Spencer.



FINANCIAL TIMES STOCK INDICES

	May 5	May 4	April 30	April 29	April 28	April 27	A year ago
Government Secs	67.67	67.98	67.70	67.86	67.70	67.72	66.79
Fixed Interest	68.26	68.58	68.12	68.12	68.00	67.95	69.51
Industrial Ord	575.4	584.2	575.1	582.0	575.5	570.2	570.6
Gold Mines	236.3	239.9	248.0	246.5	252.8	256.2	351.7
Ord. Div. Yield	5.54	6.42	6.51	5.44	5.49	6.50	6.77
Earnings Yld.% (full)	11.52	11.36	11.55	11.40	10.89	10.99	11.36
P/E Ratio (net) (*)	10.87	11.02	10.84	10.96	11.62	11.61	11.02
Total bargains	16,048	16,638	15,560	17,394	15,267	16,958	23,760
Equity turnover £m.	—	129.22	143.26	171.94	129.07	133.57	148.59
Equity bargains	—	15,180	13,782	15,055	13,351	15,389	17,843

10 am 570.1. 11 am 576.2. Noon 576.2. 1 pm 575.5.
2 pm 574.5. 3 pm 574.2.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.12.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs	69.65 (3/4)	61.69 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int	69.74 (3/4)	62.79 (5/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	584.2 (4/5)	518.1 (5/1)	597.5 (30/4/81)	49.4 (26/6/40)
Gold Mines	302.0 (5/1)	209.8 (5/3)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	May 4	April 30
Daily Gilt Edged Bargains	152.2	135.1
Equities Bargains	85.5	89.5
Value	261.2	289.6
5-day Average Gilt-Edged Bargains	140.7	140.5
Equities Bargains	89.1	87.3
Value	298.6	276.5

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div.	Times covered	Gross yield	P/E ratio
140	F.P.	14/5	159	140	AIM Group 10p	159	...	bd5.75	1.8	5.2	14.5
16	F.P.	15/4	29	19	Cambrian & Gen. 7½p	29	...	—	—	—	—
‡105	F.P.	21/5	109	105	*Cass Group 10p	107	...	u2.5	8.9	3.5	15.4
‡260	F.P.	4/6	325	293	*Cont. Microwave	325	...	—	—	—	—
50	F.P.	28/5	62	60	*DeBrett (Andre) 10p	60	−1	b2.5	2.1	5.9	11.5
‡102	F.P.	—	155	122	Dew (George)	127	...	b5.7	4.0	6.4	5.4
‡130	F.P.	28/5	146	140	*Druck Hldgs	146	...	b2.5	2.5	2.4	23.5
—	—	—	16	10	AGr'p Inv Option Ctrts	16	...	—	—	—	—
‡250	F.P.	14/5	250	245	‡Io Technology	248	...	—	—	—	—
‡	F.P.	—	275	267	‡Jobsens Drilling	266	...	—	—	—	—
‡120	F.P.	7/5	154	120	‡Leisure Inds	120	−2	b5.0	2.8	6.9	6.4
‡	—	—	30	30	Osprey Assets	30	...	—	—	—	—
5	F.P.	—	42½	39	P. N. Industrials	48½	...	b17.5	2.5	9.4	5.6
138	F.P.	15/5	141	155	Standard Secs	136	...	b2.9	1.2	1.9	48.8
‡	F.P.	—	90	70	Zambia Cons Opr 18K	70	...	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
100	F.P.	14/4	116	110	Boddingtons Brew 9½% Cnv. Ln. 2000-05	110	...
€100	£10	24/8	10½	10½	Bristol Water 9% Pref.	10½	...
(99.185)	£25	14/7	25	21¼	Cred. Foncier de France 14% Ln. 1987	25¼	...
£100	£10	1/7	11¼	11¼	East Anglia Water 9% Red. Prf. 1987	11¼	...
—	F.P.	—	156	136	First Nat. 12½pc Conv. Uns. Ln. 1987	156	...
‡100	F.P.	—	100⅛	99⅝	Nationwide Bdg. Soc. 14¼% (14/3/83)	100⅛	+⅛
£100	F.P.	—	100½	99⅝	Do. 14¼% (4/4/83)	100⅛	+⅛
£100	F.P.	—	100⅛	100	Do. 14⅜% (25/4/85)	100⅛	...
‡107	F.P.	89/4	111	109½	Queens Moat 10½% Cnv. '89-81	109½	...

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982 High	1982 Low	Stock	Closing price p	+ or −
10	F.P.	27/4	88/5	15¾	13	Ansbacher (H.) 5p	11½	—
170	Nil	15/5	24/6	20pm	15pm	Bank Leumi (UK) £1	15pm	−5
125	F.P.	81/4	88/5	162	155	Beazer (C. H.) 10p	154	—
A$1	Nil	84/5	7/6	16½pm	5½pm	Bond Corp.	5½pm	−1
30	F.P.	29/3	10/5	60	50	First Castle 10p	54	−2
90	F.P.	30/4	28/5	86	42	Fisher (A.)	43	+1
5	Nil	10/5	81/6	1pm	½pm	Grovebell (8p)	½pm	—
500	Nil	80/5	18/6	90pm	80pm	Hammerson Prop.	86pm	—
500	Nil	—	—	75pm	60pm	Do. A	60pm	−5
120	F.P.	7/5	4/6	155	144	Lilley (F.J.C.)	155	—
145	Nil	12/6	7/6	42pm	51pm	Low (Wm.) 20p	58pm	+1
18	Nil	21/5	4/6	14pm	4pm	North Kalguri	8pm	—
6	F.P.	19/4	21/6	9	6½	Platignum 5p	7½	—
27	F.P.	29/4	27/5	28½	26½	Queens Moat	28	+1½
99	F.P.	16/4	4/6	105	99	Riley Leisure	105	—
170	Nil	14/5	11/6	52pm	45pm	Steel Bros.	50pm	—
10	F.P.	24/3	23/4	12½	10½	Sturla 10p	10½	—
133	Nil	10/5	10/8	22pm	15pm	Vickers (£1)	29pm	—

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *t* Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ⊕ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. * With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. △ Issued free as an entitlement to Ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BAT Industries	450	−10	ICI	320	− 6
Boots	236	− 5	P & O Deferred	143	+ 5
British Aerospace	200	− 5	Plessey	395	− 7
BP	310	− 8	Rothmans	98	+ 5½
Burton	175	− 1	Sainsbury (J.)	645	− 5
General Accident	290	− 8	Sun Alliance	808	− 4

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	No. of price changes	Tuesday's closing price pence	Day's change	Stock	No. of price changes	Tuesday's closing price pence	Day's change
GEC	18	865	+14	BICC	11	320	+ 7
Brit. Aerospace	16	205	+15	Barratt Dev.	11	291	+ 9
Hmrsn. A 'new'	15	55pm	−10	Beecham	11	267	+ 7
ICI	15	326	+ 8	Lloyds Bank	11	403	+ 8
Vickers	13	166	+ 5	Midland Bank	11	323	+ 8
BAT Industries	12	460	+10	Trident TV "A"	11	85	− 0
Candecca Res.	12	210	− 5	Mks. & Spncr.	10	162	+ 4

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed May 5 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues May 4 Index No.	Fri April 30 Index No.	Thurs April 29 Index No.	Wed April 28 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	378.91	−1.1	9.69	4.27	12.80	383.09	376.51	379.34	375.83	351.46
2	Building Materials (23)	333.17	−0.9	14.03	5.30	8.61	336.09	331.82	336.82	332.23	327.58
3	Contracting, Construction (28)	619.12	−0.7	14.04	4.90	8.34	623.57	612.21	615.44	601.92	596.90
4	Electricals (31)	1340.94	−1.0	6.96	2.21	18.35	1355.86	1331.72	1337.44	1322.30	1051.60
5	Engineering Contractors (9)	488.76	−1.3	13.59	6.27	8.68	495.01	495.01	499.54	497.50	493.35
6	Mechanical Engineering (67)	198.54	−1.1	11.49	5.04	10.54	200.74	193.91	197.80	196.37	219.77
8	Metals and Metal Forming (11)	165.16	−2.0	10.45	7.19	12.02	168.50	165.95	168.38	168.68	174.12
9	Motors (21)	93.84	−1.0	2.51	7.15	—	94.83	93.97	94.28	94.82	109.32
10	Other Industrial Materials (18)	375.83	−1.4	9.63	5.63	12.65	381.29	375.32	379.17	377.78	372.80
21	CONSUMER GROUP (201)	305.80	−1.6	12.79	5.55	9.49	310.65	304.92	307.80	305.54	286.54
22	Brewers and Distillers (21)	303.20	−1.1	15.54	6.43	7.76	306.57	300.20	302.74	299.33	309.13
25	Food Manufacturing (22)	272.84	−1.3	16.63	6.64	7.04	276.39	273.86	275.55	273.14	259.92
26	Food Retailing (14)	617.92	−1.3	8.68	3.26	14.30	626.32	614.99	617.45	611.60	540.56
27	Health and Household Products (8)	440.44	−0.9	7.86	3.67	14.78	444.65	435.05	436.07	434.02	305.12
29	Leisure (24)	439.73	−1.9	10.40	5.16	12.00	448.22	444.76	447.62	445.59	437.92
32	Newspapers, Publishing (12)	528.93	−0.6	13.03	5.92	9.75	532.05	530.09	527.53	525.77	538.73
33	Packaging and Paper (14)	144.70	−1.1	15.81	7.34	7.36	146.27	144.79	145.62	145.04	133.52
34	Stores (45)	279.43	−1.7	10.53	4.96	12.70	284.16	273.65	282.73	280.48	286.52
35	Textiles (25)	173.65	−1.1	9.45	5.78	13.02	175.67	175.49	176.62	173.95	167.36
36	Tobaccos (3)	336.65	−1.7	22.13	8.18	5.09	342.97	334.38	342.00	342.09	255.37
39	Other Consumer (15)	290.09	−0.1	1.71	5.39	—	290.44	282.51	294.20	293.17	308.82
41	OTHER GROUPS (78)	253.00	−1.0	13.42	6.18	8.97	255.83	251.66	252.41	252.00	242.02
42	Chemicals (16)	335.43	−1.1	13.43	6.09	8.90	339.23	332.05	332.62	335.90	304.31
44	Office Equipment (4)	111.52	−1.7	14.43	7.83	8.43	113.50	112.13	114.65	116.39	120.59
45	Shipping and Transport (13)	568.60	+0.3	19.05	6.55	6.25	567.16	563.09	565.03	558.83	625.75
46	Miscellaneous (45)	323.00	−1.2	11.66	5.13	10.45	326.87	321.36	323.07	321.36	304.25
49	INDUSTRIAL GROUP (487)	323.62	−1.2	11.73	5.16	10.41	327.62	322.06	326.75	322.47	302.84
51	Oils (13)	732.72	−1.8	21.99	7.94	5.25	746.01	749.95	755.70	753.97	822.75
59	500 SHARE INDEX	356.91	−1.3	13.94	5.61	8.97	361.66	356.45	359.70	357.54	344.00
61	FINANCIAL GROUP (117)	247.96	−0.9	—	6.66	—	249.34	246.12	248.62	248.31	256.37
62	Banks (6)	262.36	−1.1	30.93	8.36	2.78	265.40	260.74	265.38	267.57	253.89
63	Discount Houses (9)	223.06	−0.4	—	9.85	—	223.98	223.98	225.46	225.13	301.46
65	Insurance (Life) (9)	262.63	−0.4	—	6.01	—	269.80	266.39	268.64	267.89	255.22
66	Insurance (Composite) (10)	152.19	−1.4	—	9.30	—	154.42	152.07	153.32	154.80	163.92
67	Insurance Brokers (7)	400.49	−0.7	11.38	5.21	11.97	402.86	402.81	401.32	408.52	301.70
68	Merchant Banks (12)	145.50	+0.5	—	5.83	—	144.82	144.79	144.96	146.28	139.92
69	Property (49)	427.93	−1.1	5.02	3.57	26.65	432.98	429.28	432.49	426.64	407.74
70	Other Financial (15)	171.17	+0.3	18.48	6.66	6.29	170.69	168.32	168.87	167.68	170.46
71	Investment Trusts (112)	296.61	−0.8	—	5.44	—	299.00	296.78	299.40	296.78	318.07
81	Mining Finance (4)	211.52	−1.4	14.77	6.66	8.49	214.61	223.91	214.73	214.99	253.94
91	Overseas Traders (17)	374.52	−0.7	13.93	8.49	8.76	377.32	374.67	373.71	374.77	476.38
99	ALL-SHARE INDEX (750)	328.52	−1.2	—	5.04	—	332.55	328.09	331.09	329.34	325.62

FIXED INTEREST

	PRICE INDICES	Wed May 5	Day's change %	Tues May 4	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	130.75	−0.05	130.80	—	3.99
2	5-15 years	109.50	−0.52	110.07	—	4.39
3	Over 15 years	112.49	−0.60	113.17	—	4.98
4	Irredeemables	115.60	−0.47	116.15	—	6.07
5	All Stocks	110.57	−0.39	111.01	—	4.40
6	Debentures & Loans	86.75	−0.45	87.12	—	3.96
7	Preference	63.09	—	63.09	—	2.75

	AVERAGE GROSS REDEMPTION YIELDS		Wed May 5	Tues May 4	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.03	11.98	12.13
2		15 years	12.93	12.86	12.71
3		25 years	12.90	12.84	12.82
4	Medium Coupons	5 years	14.24	14.12	14.00
5		15 years	14.06	13.95	14.42
6		25 years	13.56	13.45	14.00
7	High Coupons	5 years	14.11	14.04	14.30
8		15 years	14.29	14.15	14.58
9		25 years	13.78	13.69	14.21
10	Irredeemables †		12.62	12.56	12.21
11	Debs & Loans	5 years	15.06	14.99	14.69
12		15 years	14.97	14.89	14.82
13		25 years	14.92	14.85	14.81
14	Preference †		15.49	15.49	14.67

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (30)

AMERICANS (1)
Ford Motor

CANADIANS (1)
Bell Canada

BEERS (3)
Greene King
Marston Thompson
Irish Distillers

BUILDINGS (7)
Aberdeen Constr.
Henderson (P. C.)
DPB Inds.
London Brick
Dellway
Wilson (Connolly)
Common Group

CHEMICALS (1)
Novo Inds. A.S B

ELECTRICALS (2)
Oceonics
United Scientific

ENGINEERING (4)
A.P.V.
Whessoe
Victor Products
Yarrow

FOODS (1)
England (J. E.)

INDUSTRIALS (4)
Baxter Travenol
Humleigh
Dunhill
Peerless

MOTORS (1)
Automotive

PAPER (1)
Associated Paper

SHIPPING (1)
P. & O. Defd.

TOBACCOS (1)
Rothmans

TRUSTS (2)
Caledonia Invs.
SPLIT Inc.

NEW LOWS (45)

AMERICANS (1)
Caterpillar

CANADIANS (3)
Brascan
Inco
Hawker Sidd. Can.

BUILDINGS (1)
Benford Conc. Mach.

ELECTRICALS (3)
Chloride 7½pc Com. Cnv. Pref.
ESR
Immediate Bus. Sys.

ENGINEERING (4)
Davy Corp.
Hall (Matthew)
Haden
Molins

INDUSTRIALS (11)
Amal. Metal
Staffordshire Potts.
De La Rue
Star Computer
Low & Bonar
Toye
Pilkington
Trident Comp.
Rank Org.
Zygal Dynamics
Relyon

INSURANCE (3)
General Accident
Royal
London United

LEISURE (1)
Boosey & Hawkes

MOTORS (2)
Callyns
Jessups

PROPERTY (7)
Estates Prop. Inv.
North Brit. Props.
Hammerson A
Prop. Partnerships
Marlborough
Town & City 7pc Cnv. Com. Pref.
Mountleigh

TRUSTS (3)
Britannia Arrow
Fashion & General
English Assoc.

OILS (1)
KCA Drilling

OVERSEAS TRADERS (1)
Assam Trading

MINES (4)
East Dagga.
Harmony
Winkelhaak
Peko-Wallsend

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	71	21
Corpns., Dom. and Foreign Bonds	6	9	60
Industrials	121	399	825
Financial & Props.	33	176	298
Oils	15	53	36
Plantations	3	3	17
Mines	26	61	83
Others	59	37	55
Totals	267	799	1,396

CURRENCIES and MONEY

Sterling weak

Sterling fell in currency markets yesterday reflecting further clashes around the Falkland Islands. Trading remained extremely nervous.

The dollar was also weaker as the market looked towards lower U.S. interest rates. Euro-dollar rates were weaker yesterday.

The Italian lira remained the weakest member of the European Monetary System yesterday followed by the Belgian franc. The D-mark was the strongest member, hovering around its upper divergence limit.

STERLING—Trade weighted index 89.6 against 89.7 at noon, 89.4 at the opening and 90.1 on Tuesday (89.0 six months ago). Three-month interbank 13⅞ per cent (15⅞ per cent six months ago). Annual inflation rate 10.4 per cent (11 per cent previous month) — Sterling opened at $1.7940 against the dollar and rose in thin trading to $1.8050. It came back later in the day to $1.800 but rose to a best level of $1.81 before closing at $1.8050-1.8065, a rise of 92.5 points. Against the D-mark it fell to DM 4.1875 from DM 4.2125 and SwFr 3.4950 from SwFr 3.52. It was also weaker against the French franc at FFr 10.9250 from FFr 10.9475.

DOLLAR — Trade weighted index 112.6 against 113.5 on Tuesday and 107.0 six months ago. Three-month Treasury bills 12.55 per cent (12.20 per cent six months ago). Annual inflation 8.8 per cent (7.7 per cent previous month) — The dollar closed at DM 2.3175 from DM 2.3435 and SwFr 1.9350 from SwFr 1.9575. It was also lower against the Japanese yen at Y233.85 compared with Y237.25.

D-MARK — EMS member (strongest). Trade weighted index 124.8 against 124.2 on Tuesday and 124.1 six months ago. Three-month interbank 9.175 per cent (11.475 per cent six months ago). Annual inflation 5.2 per cent (5.8 per cent previous month) — The D-mark was mostly firmer at yesterday's fixing in Frankfurt. The dollar slipped to DM 2.3248 from DM 2.3383 and sterling was weaker at DM 4.1900 compared with DM 4.2270. The Swiss franc was also down at DM 1.1964 against DM 1.1973. Within the EMS the French franc slipped to DM 38.38 per FFr 100 from DM 38.43 and the Belgian franc was lower at DM 5.31 per BFr 100 from DM 5.318. At the close of trading the dollar was quoted at DM 2.3185 reflecting a softer trend in Euro-dollar rates.

BELGIAN FRANC — EMS member (second weakest). Trade weighted index 95.8 against 95.7 on Tuesday and 107.0 six months ago. Three-month Treasury bills 13.75 per cent (15.75 per cent six months ago). Annual inflation 8.4 per cent (7.1 per cent previous month)—The Belgian Central Bank spent the equivalent of BFr 6bn supporting the Belgian franc last week according to figures released yesterday. The Belgian currency has shown a stronger tendency within the EMS but there remains little likelihood of a cut in the discount rate unless the West German authorities reduce their interest rates.

At yesterday's fixing in Brussels the dollar slipped to BFr 43.8150 from BFr 44.0375 and sterling was lower at BFr 79.04 compared with BFr 79.5150. Within the EMS the D-mark rose to DM 18.8390 per BFr 100 from DM 18.8127½ while the French franc slipped to FFr 7.2295 from FFr 7.2310 per BFr 100.

THE POUND SPOT AND FORWARD

May 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7940-1.8100	1.8050-1.8065	0.30-0.40c dis	−2.33	0.75-0.85dis	−1.77
Canada	2.1960-2.2075	2.2055-2.2070	0.43-0.53c dis	−2.61	1.20-1.30dis	−2.27
Nethlnd.	4.62-4.66	4.64½-4.65½	1⅞-1⅛c pm	3.87	5½-5 pm	4.52
Belgium	78.65-79.00	78.75-78.85	15-25c dis	−3.05	50-65 dis	−2.92
Denmark	14.16-14.25	14.22-14.23	8½-9½ore dis	−7.59	21-22⅞ dis	−6.10
Ireland	1.2000-1.2150	1.2095-1.2110	0.61-0.73p dis	−6.64	1.69-1.86dis	−5.82
W. Ger.	4.17-4.20	4.18¾-4.19¾	1⅞-1½pf pm	4.30	5-4⅞ pm	4.42
Portugal	126.75-127.75	126.10-127.30	210-790c dis	−47.23	420-1650dis	−32.59
Spain	185.50-186.75	185.90-186.15	60-85c dis	−4.68	190-225 dis	−4.46
Italy	2,315-2,326	2,323-2,325	21½-24½ lire dis	−11.88	68-73 dis	−12.12
Norway	10.76-10.81	10.79-10.80	6⅞-8ore dis	−6.27	10¼-11⅞ dis	−3.95
France	10.86-10.94	10.92-10.93	2-12c dis	−11.53	24½-28½dis	−8.70
Sweden	10.40-10.45½	10.44-10.45	¾-¼ore pm	0.50	2-1½ pm	0.65
Japan	422-426	422-423	2½-2¼y pm	6.57	6⅞-6⅜ pm	6.39
Austria	29.35-29.55	29.45-29.50	14-11gro pm	5.09	38-31 pm	4.68
Switz.	3.49-3.51	3.49-3.50	3¼-2¾c pm	10.30	8¼-7¾ pm	9.16

Belgian rate is for convertible francs. Financial franc 86.00-86.10. Six-month forward dollar 1.20-1.25c dis. 12-month 2.16-2.30c dis.

THE DOLLAR SPOT AND FORWARD

May 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7940-1.8100	1.8050-1.8065	0.30-0.40c dis	−2.33	0.75-0.85dis	−1.77
Ireland†	1.4875-1.4950	1.4935-1.4950	0.58-0.48c pm	4.26	1.60-1.45 pm	4.09
Canada	1.2220-1.2236	1.2220-1.2225	0.03-0.06c dis	−0.44	0.21-0.25dis	−0.75
Nethlnd.	2.5720-2.5790	2.5750-2.5780	1.50-1.40c pm	6.76	4.25-4.15 pm	6.53
Belgium	43.65-43.80	43.65-43.67	2-5c dis	−0.96	10-15 dis	−1.14
Denmark	7.8700-7.9060	7.8700-7.8800	3.30-3.60ore dis	−5.26	8.50-9.00dis	−4.44
W. Ger.	2.3160-2.3280	2.3170-2.3180	1.29-1.24pf pm	6.55	3.68-3.63 pm	6.31
Portugal	70.35-70.85	70.35-70.60	100-300c dis	−33.98	200-650dis	−24.07
Spain	103.21-103.61	103.25-103.30	16-26c dis	−2.44	68-80 dis	−2.86
Italy	1,286¾-1,289½	1,286¾-1,287¾	10½-12 lire dis	−10.48	32-34 dis	−10.24
Norway	5.9760-5.9850	5.9750-5.9850	2.40-2.70ore dis	−0.10	3.20-3.50dis	−2.27
France	8.0450-8.0600	8.0500-8.0550	4-4¾c dis	−8.68	11½-13 dis	−8.10
Sweden	5.7800-5.7970	5.7800-5.7900	1.40-1.25ore pm	2.75	3.40-3.25 pm	2.30
Japan	233.70-235.60	233.80-233.90	1.71-1.63y pm	8.57	4.75-4.65 pm	8.04
Austria	16.32½-16.38	16.32½-16.33½	10⅞-9½gro pm	7.44	27⅞-24⅞ pm	6.43
Switz.	1.9340-1.9450	1.9345-1.9355	1.89-1.81c pm	11.47	5.27-5.19 pm	10.81

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

May 5	Bank of England Index	Morgan Guaranty Changes%
Sterling	89.6	−33.6
U.S. dollar	112.6	+3.6
Canadian dollar	87.7	−18.1
Austrian schilling	118.0	+26.3
Belgian franc	95.8	−1.3
Danish kroner	84.6	−12.7
Deutsche mark	124.8	+48.5
Swiss franc	148.8	+93.8
Guilder	110.5	+22.0
French franc	79.8	−14.7
Lira	54.1	−58.4
Yen	139.0	+34.0

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

May 5	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.628307	0.569579
U.S. $	12	1.13246	1.02678
Canadian $	15.32	—*	1.25534
Austria Sch.	6½	18.5406	16.8289
Belgian F.	14	40.6127	44.9935
Danish Kr.	11	8.92311	8.10643
D mark	7½	2.63274	2.38572
Guilder	[illegible]	[illegible]	2.64704
French Fr.	9½	6.86554	6.21710
Lira	19	1460.87	1324.29
Yen	5½	[illegible]	241.008
Norwgn. Kr.	9	[illegible]	6.15401
Spanish Pts.	8	[illegible]	100.179
Swedish Kr.	10	[illegible]	6.94782
Swiss Fr.	5	2.20014	1.99432
Greek Dr'ch.	20½	71.2317	64.5845

* CS/SDR rate for April 29: none avail.

OTHER CURRENCIES

May 5	£	$		£ Note Rates
Argentina Peso	n.a.	n.a.	Austria	29.30-29.60
Australia Dollar	1.6865-1.6985	0.9416-0.9431	Belgium	85.20-86.30
Brazil Cruzeiro	279.15-280.15	154.85-155.01	Denmark	14.18-14.30
Finland Markka	8.1623-8.1644	4.5100-4.5180	France	10.87-10.97
Greek Drachma	[illegible]	[illegible]	Germany	4.17-4.21
Hong Kong Dollar	10.464-10.48	5.8000-5.8100	Italy	2280-2355
Iran Rial	147.10*	81.40	Japan	423-429
Kuwait Dinar (KD)	0.510-0.516	0.2833-0.2857	Netherlands	4.61-4.65
Luxembourg Fr.	78.75-78.85	43.65-43.67	Norway	10.73-10.86
Malaysia Dollar	4.15¼-4.16¼	2.2950-2.2960	Portugal	123-133
New Zealand Dlr.	2.3345-2.3385	1.2943-1.2955	Spain	179½-189½
Saudi Arab. Riyal	6.18-6.19	3.4300-3.4320	Sweden	10.40-10.50
Singapore Dollar	3.77½-3.78¼	2.0870-2.0890	Switzerland	3.46½-3.52½
Sth. African Rand	1.8996-1.8018	1.0520-1.0652	United States	1.79¼-1.81¼
U.A.E. Dirham	6.67-6.68	3.6715-3.6735	Yugoslavia	92-100

† Now one rate. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 3	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	44.9935	+0.66	+0.90	±1.5440
Danish Krone	8.18382	8.10643	−0.95	−0.71	±1.6428
German D-Mark	2.41815	2.38572	−1.34	−1.10	±1.1097
French Franc	6.19564	6.21716	+0.35	+0.59	±1.3743
Dutch Guilder	2.67296	2.64704	−0.97	−0.73	±1.5069
Irish Punt	0.686799	0.689577	+0.40	+0.64	±1.6689
Italian Lira	1305.13	1324.29	+1.47	+1.47	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

For Sterling/ECU rate see CURRENCY RATES table.

EXCHANGE CROSS RATES

May 5	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.806	4.188	422.5	10.93	3.495	4.650	2324.	2.206	78.80
U.S. Dollar	0.554	1.	2.319	234.0	6.050	1.935	2.575	1287.	1.222	43.64
Deutschemark	0.239	0.431	1.	100.9	2.609	0.835	1.110	555.0	0.527	18.82
Japanese Yen 1,000	2.367	4.274	9.911	1000.	25.86	8.275	11.01	5501.	5.222	186.5
French Franc 10	0.915	1.653	3.833	386.7	10.	3.199	4.256	2127.	2.019	72.13
Swiss Franc	0.286	0.517	1.198	120.9	3.126	1.	1.330	664.9	0.631	22.55
Dutch Guilder	0.215	0.388	0.901	90.86	2.348	0.752	1.	499.8	0.474	16.95
Italian Lira 1,000	0.430	0.777	1.802	181.8	4.701	1.504	2.001	1000.	0.948	33.91
Canadian Dollar	0.453	0.818	1.898	191.6	4.952	1.584	2.108	1053.	1.	35.72
Belgian Franc 100	1.269	2.292	5.314	536.2	13.88	4.435	5.901	2949.	2.800	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MAY 5)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 7/8	offer 15	bid 14 15/16	offer 14 15/16

The fixing rates are the arithmetical means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

May 5	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	12⅝-13⅝	15⅝-15⅞	15-16	8⅝-8⅞	4-4⅛	8⅛-8⅜	21-25	18½-20½	14¾-16¾	13¾-14¼	8¾-6⅞	18½-19⅞
7 days' notice	12⅝-18⅝	15⅜-10⅝	15-16	6¾-0	2½-5	8⅞-9	22-80	25½-20¾	14⅝-10⅝	14¼-14⅜	6¾-6⅞	18¼-18⅝
Month	13¼-15⅝	13⅞-15⅞	13½-15⅞	8½-2⅝	3⅞-3⅞	8¼-8⅜	23-24	25⅛-26⅝	15⅞-16⅞	14⅛-14⅜	6⅛-6⅞	20⅜-20¾
Three months	13½-15⅝	14⅞-13⅞	16⅝-18	8⅞-8⅞	4⅛-4¼	8⅝-8⅞	22⅛-23⅛	23¼-28	13½-16½	14⅞-13⅛	0⅞-7⅛	20¼-20⅝
Six months	13½-15⅝	14⅞-14⅞	15⅞-16¼	8⅞-8⅞	4⅛-4⅞	8⅞-8⅞	21⅞-82⅞	24⅛-25¼	16½-16⅝	14¾-16	6⅞-7⅞	19-10⅝
One Year	13⅝-15⅞	14⅝-14⅞	10⅛-10½	8⅞-8⅞	5¼-5⅜	8⅞-8⅞	19½-20⅛	24⅛-25⅛	15⅞-16⅝	14¾-10	6⅞-7	17¼-17⅝

SDR linked deposits: one month 13⅝-14 per cent; three months 13⅝-13⅞ per cent; six months 13⅝-13⅞ per cent; one year 12⅞-13⅝ per cent.

ECU linked deposits: one month 14¾-14⅞ per cent; three months 14⅝-14⅞ per cent; six months 13⅞-14⅞ per cent; one year 13⅝-13⅞ per cent.

Asian $ (closing rates in Singapore): one month 15¾-15⅞ per cent; three months 14⅞-15 per cent; six months 14⅞-14⅞ per cent; one year 14⅞-14⅞ per cent. Long-term Eurodollar two years 15-15¼ per cent; three years 15¼-15⅜ per cent; four years 15¼-15½ per cent; five years 15⅜-15⅝ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days notice.

The following rates were quoted for London dollar certificates of deposit: one month 14.75-14.85 per cent; three months 14.60-14.70 per cent; six months 14.50-14.90 per cent; one year 14.30-14.50 per cent.

MONEY MARKETS

London quiet but nervous

UK clearing bank base lending rate 13 per cent (since March 12)

Conditions were very quiet in the London money market yesterday in anticipation of further news from the South Atlantic about the Falklands crisis. Discount houses buying rates for eligible bills showed little change and interbank rates were also fairly steady, with most periods at 13½-13⅞ per cent compared with 13½-13⅞ per cent.

The Bank of England forecast a surplus of around £100m in the morning, and suggested that the main factors were: bills maturing in official hands and a market take-up of Treasury bills −£271m, offset by Exchequer transactions +£250m, and a fall in the note circulation +£40m.

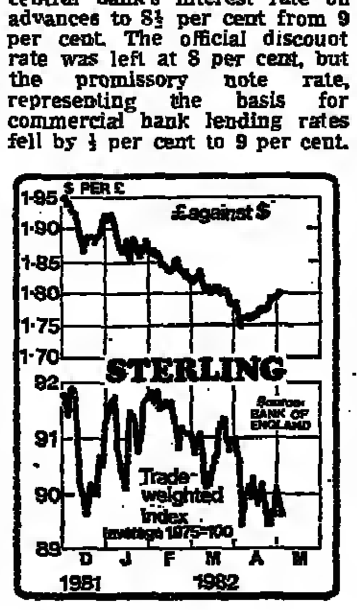
At noon the surplus was revised to about £50m, and at the same time it was announced that the authorities did not operate in the money market during the morning.

In the afternoon the Bank of England sold £53m Treasury bills maturing tomorrow at 12½-12¾ per cent.

Discount houses paid about 12½ per cent for secured call money for the most part, but may have picked up some late balances at 9 per cent. In the interbank market overnight loans touched a peak of 13 per cent and closed at 8 per cent.

In Paris the Bank of France kept its intervention rate at 16 per cent when announcing a purchase of FFr 15bn of first category paper maturing between May 15 and 25. This was the same as the previous intervention rate, which was reduced from 17 per cent on April 20. Call money fell to 16½ per cent from 16⅝ per cent yesterday, and period rates showed a downward trend. One-month money fell to 16½ per cent from 16⅝ per cent; three-month to 16½ per cent from 16⅝ per cent; an six-month to 15⅞ per cent from 15⅞ per cent.

In Amsterdam short-term interest rates eased ahead of a cut in Dutch key lending rates. This followed speculation that the German Bundesbank is about to reduce its Lombard rate back to 9 per cent, and eliminate the special Lombard facility which has floated above the 9 per cent level for over a year. Indications of a lower trend in interest rates was reflected in the cut in the central bank's interest rate on advances to 8½ per cent from 9 per cent. The official discount rate was left at 8 per cent, but the promissory note rate, representing the basis for commercial bank lending rates fell by ½ per cent to 9 per cent.



EUROCURRENCIES

Eurodollars easier

Eurodollar rates weakened yesterday, but other Eurocurrency rates showed mixed changes. Sterling rates showed a firmer trend in general, leading to a slight easing of the dollar's discount against the pound in forward foreign exchange trading. EuroSwiss franc rates eased however, widening the francs forward premium against the dollar. Among members of the European Monetary System, D-mark interest rates were steady, but the weaker currencies were mixed. Euro-Belgian franc rates fell, reducing the francs forward discount against the dollar, but French franc and Eurolira rates were steady to firm, and forward rates recorded little movement.

MONEY RATES

NEW YORK

Prime rate	16½
Fed. funds (lunch-time)	15¾-16
Treasury bills (13-week)	12.55
Treasury bills (26-week)	12.60

GERMANY

Special Lombard	9.50
Overnight rate	8.55
One month	8.80
Three months	9.175
Six months	8.975

FRANCE

Intervention rate	16.00
Overnight rate	16.3
One month	16.125
Three months	16.125
Six months	15.375

JAPAN

Discount rate	6.5
Call (unconditional)	7.03125
Bill discount (three-month)	7.03375

LONDON MONEY RATES

May 5 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	8-13	12¼	—	—	12½-12⅝	9-12½	—	—	—
2 days notice	—	—	13	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅝-12⅞	13¼	—	—	13-13¼	12¼-12⅞	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—
Two years	—	—	[illegible]	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 14 per cent; four years 14¼ per cent; five years 14¼ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅞-12⅞ per cent; four months trade bills 13½ per cent.

Approximate selling rates for one month Treasury bills 12¾ per cent; two months 12⅝-12⅞ per cent; three months 12½-12⅝ per cent. Approximate selling rate for one month bank bills 12⅞-12⅞ per cent; two months 12⅝ per cent and three months 12⅝ per cent; one month trade bills 13½ per cent; two months 13½ per cent; three months 13¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14 per cent from May 1, 1982. London and Scottish Clearing Bank Rates for lending 13 per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 10-10½ per cent. Treasury Bills: Average tender rates of discount 12.9766 per cent. Certificates of Tax Deposit (Series 6) 13½ per cent from March 6. Deposits withdrawn for cash 11 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

[illegible]

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Life Assur. Co. of Pennsylvania
8, New Rd., Chatham, Kent. Medway 812348

LACOP Units	11.72	12.31	.....	—

Lloyds Life Assurance
20, Clifton St., EC2A 4HX 01-920 0202

Mult Gwth. May 6	12,026.0	[illegible]	+10.7	—
Op. 5 Prop. April 29	223.6	[illegible]	.....	—
Op. 5 Equity April 29	215.2	[illegible]	.....	—
Op. 5 Hy. April 29	190.5	[illegible]	.....	—
Op. 5 Man. April 29	229.8	[illegible]	.....	—
Op. 5 Dep. April 29	167.2	[illegible]	.....	—
Op In. 8 April 29	117.7	[illegible]	.....	—
Op. 8 Inc Dst April 29	110.9	[illegible]	.....	—
Op. In M April 29	119.4	[illegible]	.....	—
U.S.SF.1. April 29	104.8	[illegible]	.....	—
O & G Prp Fd April 29	96.4	[illegible]	.....	—
Pens. Pr. April 30	245.3	[illegible]	.....	—
Pens. Pr.Cp. April 30	180.0	[illegible]	.....	—
Pens. Eq. Ac. April 30	545.7	[illegible]	.....	—
Pens. Eq. Cp. April 30	407.4	[illegible]	.....	—
Pens. Fxd. Ac. Apr. 30	263.3	[illegible]	.....	—
Pens. Fxd. Cp. Apr. 30	201.4	[illegible]	.....	—
Pens.Mng.Ac. Apr. 30	365.0	[illegible]	.....	—
Pens.Mng.Cp. Apr. 30	279.2	[illegible]	.....	—
Pens. Dp. Ac. April 30	237.8	[illegible]	.....	—
Pens. Dp. Cp. April 30	181.9	[illegible]	.....	—

Britannia Funds—Series A

Am.Smlr Co's. May 5	86.7	[illegible]	−3.0	—
Am.Spec.Sits. May 5	106.4	112.1	−3.3	—
Commodity May 5	65.0	[illegible]	−2.4	—
Extra Inc. May 5	89.3	[illegible]	+1.1	—
Far East May 5	92.3	[illegible]	−1.2	—
Fin. Secs. May 5	105.7	[illegible]	+0.1	—
Gold & Gen. May 5	54.0	[illegible]	−3.2	—
Growth May 5	80.8	[illegible]	+0.5	—
Inc. & Growth May 5	105.6	[illegible]	+0.7	—
Int. Growth May 5	92.7	97.[illegible]	−1.2	—
Japan Prf. May 5	78.2	82.[illegible]	+0.1	—
Minerals May 5	64.5	67.[illegible]	−3.4	—
Nat. Hs. Inc. May 5	102.5	10[illegible]	+1.3	—
Prop. Shd. May 5	88.9	[illegible]	[illegible]	—
Sp. Mkt. Sits. May 5	97.4	[illegible]	.....	—
Recovery May 5	86.1	[illegible]	[illegible]	—
Cl. Tst. May 5	106.3	[illegible]	[illegible]	—
Univ. May 5	66.0	[illegible]	−0.[illegible]	—
World Tech. May 5	90.5	[illegible]	[illegible]	—
Man. Growth May 5	97.8	[illegible]	[illegible]	—
Gilt Dec. May 5	94.6	[illegible]	+0.[illegible]	—

Cartmore Funds—Series A

American May 4	108.4	114.3	.....	—
British May 4	96.2	101.3	.....	—

Planned Savings Group
68, East Street, Horsham 0403 50255

1st Managed	71.0	74.7	.....	—
1st Fixed Interest	[illegible]	[illegible]	.....	—
4th Managed	[illegible]	60.6	.....	—
5th Managed	69.6	73.0	.....	—
Pension Managed	71.2	75.0	.....	—

Premium Life Assurance Co. Ltd.
Eastchester Hse., Haywards Heath 0444 58721

American Tech. Fd.	106.0	112.0	+2.0	—
Building Soc. Fd.	105.0	[illegible]	.....	—
Balanced	110.0	116.0	.....	—
Data Mangd. Fd.	90.0	95.0	.....	—
Deposit	109.0	115.0	.....	—
Gilt	110.0	116.0	.....	—
Natural Resources	79.0	84.0	.....	—
Property	114.0	120.0	.....	—
UK Equity	116.0	122.0	.....	—
International Equity	93.0	98.0	.....	—

Prop. Equity & Life Ass. Co.
42 Houndsditch, London EC3A 7AY 01-623 1124

R. Silk Prop. Bond		245.1	.....	—

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Fund		293.8	+1.1	—
Property Fund (A)		274.4	+1.0	—
Agricultural Fund		1020.9	+4.2	—
Agric. Fund (A)		978.4	+3.8	—
Abbey Nat. Fund		216.9	+1.0	—
Abbey Nat. Fd. (A)		216.1	+1.0	—
Investment Fund		104.1	.....	—
Investment Fund (A)		102.9	.....	—
Equity Fund		365.1	−3.9	—
Equity Fund (A)		374.7	−3.9	—
Money Fund		191.6	.....	—
Money Fund (A)		189.8	.....	—
Actuarial Fund		163.6	+1.4	—
Gilt-edged Fund		147.9	−0.6	—
Gilt-Edged Fd. (A)		147.9	−0.6	—
Retire Annuity		321.6	+2.7	—
Immed. Ann'ty		188.5	+2.5	—
International Fd.		161.5	−2.1	—

Prop. Growth Pensions & Annuities Ltd.

All Weather Ac. Uts.	230.1	230.4	+0.6	—
Inv. Fd. Uts.		233.6	+2.2	—
Pension Fd. Uts.		215.5	+2.2	—
Conv. Pens. Fd.		237.4	+2.6	—
Cnv. Pns. Cap. Ut.		186.9	+1.4	—
Man. Pens. Fd.		237.7	.....	—
Man. Pens. Cap. Ut.		193.7	.....	—

OFFSHORE AND OVERSEAS

Wardley Investment Services Ltd.
4th Floor, Hutchison House, Hong Kong

Wardley Trust	HK$25.39	26.53	.....	4.62
Wardley Nikko As. Fd.	$38.13	39.60	.....	2.53
Wardley Bond Trust	$9.82	10.00	.....	8.80
Wardley Japan Trust	$15.42	16.14	.....	1.12

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.70	−0.07	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	39.3	40.9	.....	6.60
Chinese Fund	76.9	80.1	.....	9.30
Precious Metal Fund	192.1	199.3	.....	—
Vanguard Cmdy. Fd.	45.7	46.9	.....	—
Financial Futures Fd.	105.0	109.4	.....	—
Wren Intl. Fnd.	$0.949	0.988	.....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982 High	1982 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	Treasury 8¼pc '82	[illegible]	......	8.32	13.56
[illegible]	[illegible]	Exch. 9¼pc 1982	[illegible]	......	9.40	13.48
[illegible]	[illegible]	Exch. 8¼pc 1983	[illegible]	......	9.00	13.06
94	91	Exch. 3pc 1983	[illegible]	......	3.22	12.06
[illegible]	[illegible]	Treasury 12pc 1983‡‡	[illegible]	......	12.24	12.32
97	[illegible]	Treasury 9¼pc '83	[illegible]	......	9.57	12.33
[illegible]	[illegible]	Exch. 13¼pc '83	[illegible]	......	13.42	13.03
[illegible]	[illegible]	Exch. 10pc 1983	96	[illegible]	10.42	13.16
[illegible]	[illegible]	Funding 5½pc '82-84‡‡	92	–¼	5.93	11.10
[illegible]	[illegible]	Exch. 11¼pc 1984	[illegible]	......	11.61	13.20
[illegible]	[illegible]	Exchequer 14pc 1984	[illegible]	......	13.33	13.30
[illegible]	[illegible]	Exch. 3pc 1984	[illegible]	......	3.51	10.82
[illegible]	[illegible]	Treasury 12pc 1984	[illegible]	......	12.35	13.38
104	[illegible]	Treasury 15pc 1985	[illegible]	[illegible]	14.50	13.73
[illegible]	[illegible]	Exch. 12pc Cnv. '85	[illegible]	–¼	12.47	13.38
[illegible]	[illegible]	Treasury 3pc 1985	[illegible]	......	3.75	10.91
[illegible]	[illegible]	Treasury 11½pc 1985	[illegible]	–¼	12.28	14.03
[illegible]	[illegible]	Exch. 12¼pc 1985	[illegible]	–¼	12.81	13.85
[illegible]	[illegible]	Exch. 11¼pc '86	[illegible]	–¼	12.55	13.93
76	69	Treasury 3pc 1986	[illegible]	–¼	5.97	10.62
[illegible]	[illegible]	Treasury 12pc '86	[illegible]	......	12.75	13.91
89	[illegible]	Treasury 8¼pc '84-86‡‡	87	–½	9.77	12.59
[illegible]	[illegible]	Exch. 14pc 1986	[illegible]	–¼	14.03	14.03
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh.50c	90	......	Q25c	10.3	20.7
35	20	Wankie Col. Z$1	22	−1	Q3c	1.2	10.9
21	16	Zam.Cpr.SBD0.24	17	−1	—	—	—

Australian

Tins

Copper

Miscellaneous

NOTES

REGIONAL MARKETS

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 39

FINANCIAL TIMES
Thursday May 6 1982

APRIL SURVEY FINDS LITTLE EVIDENCE OF RECOVERY

Howe too optimistic, says CBI

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

BRITISH manufacturing industry is showing little evidence of any substantial recovery from the recession, the Confederation of British Industry said yesterday.

Sir James Cleminson, chairman of the CBI's economic situation committee and chairman of Reckitt and Colman, the food group, said the latest survey of industrial trends did not support some of the more optimistic statements which Treasury Ministers have made recently about the prospects of recovery.

"I feel that Government Ministers are understandably taking the sort of line which I would take if I were a politician, which is to look on the brighter side."

The CBI's latest quarterly trends survey of nearly 1,700 companies, published yesterday, showed some increase in business optimism for the future.

But, he added: "I do not believe that we have come off the bottom to quite the extent that the Chancellor would have us believe. I think he is possibly looking at the brighter side rather than the picture as a whole.

"We believe that we are now bumping along the bottom of the recession."

One important difference between the Treasury's view and that of the CBI is on the immediate prospects for the rebuilding of companies' stocks which would be one of the most important components in the early phase of recovery.

The Treasury, in its Budget forecast, suggested that restocking would begin in the first half of the year. The CBI says that its survey indicates that stocks will continue to be reduced for the next four months.

The survey also indicates that:

● Investment in manufacturing industry will start to increase this year but will be less for the whole of 1982 than in 1981.

● Confidence about exports has declined a little after a substantial rise since mid-1980.

● *Output will change little* during the next four months with 91 per cent of firms expecting production to be limited by shortage of demand.

● The numbers employed in manufacturing will continue to fall, with improvements in productivity and a continued moderate rate trend of costs.

● Companies' liquidity will improve substantially, partly reflecting the expectation that they will not have to finance a very large recovery.

In its April Economic Situation Report, the CBI comments: "Although there is clear evidence of strengthening business confidence, business expectations do not point to a strong recovery occurring in the foreseeable future."

Details, Page 14

Exxon to raise $500m by bonds

BY PAUL BETTS IN NEW YORK

EXXON, the world's largest oil company, yesterday announced its return to the debt market after eight years to raise up to $500m (£276.9m) to finance its U.S. operations for the rest of the year.

It plans to raise these funds on the domestic U.S. debt market and the Eurodollar market with a type of security it calls a universal bond.

Its decision to return to the debt market underlines the dramatic changes in the financial fortunes of major oil companies in the face of declining petroleum demand, declining oil prices and declining corporate profitability.

The move comes a few days after Exxon decided to shelve a $5bn shale-oil project in the U.S. and a week after it reported a 22.5 per cent fall in first-quarter net earnings.

Exxon is taking advantage of a new Securities and Exchange Commission (SEC) rule. This enables a company to file a single SEC registration statement covering a proposed offering of securities which can then be sold, when conditions seem appropriate, over two years.

The rule relieves most securities issuers of the costly and time-consuming need to register separately with SEC every time they come to market.

The Exxon securities are to be issued by Exxon Finance NV, its Netherlands Antilles subsidiary. Under the so-called new SEC shelf-registration rule 415, the securities, expected to be of short- to medium-maturity, will be sold periodically, directly to dealers and investors, in minimum purchases of $100,000.

Other principal U.S. corporations are taking advantage of the rule but none has sought to sell a security in both the U.S. and Eurodollar debt markets.

A senior Exxon financial official said yesterday the concept of a universal debt security had to be proven. The company believed, however, it would gain flexibility by being able to pay domestic and international markets simultaneously.

The proposed Exxon securities raise tax and distribution issues. Because the securities will be issued from the Netherlands Antilles, interest on them will not be subject to withholding tax as is the case with U.S. securities.

This is no different to traditional Eurodollar bonds and, in any event, U.S. citizens would continue to be subject to U.S. tax on the issues.

However Exxon, by filing a shelf-registration with SEC, can immediately sell the securities in the U.S. without waiting for the traditional three-month registration period before a new Eurodollar security can be sold on the U.S. market.

Wall Street bond-analysts said Exxon's concept was a new step in debt-financing but were unsure of the market's initial response in view of the sharp differences between the U.S. market and the Eurodollar market.

Mr Jack Bennett, Exxon senior vice-president and director, said yesterday that Exxon expected to spend more on its capital investment programme this year than the $11.2bn spent last year.

He hoped investors would pay a higher price for the company's new debt securities because they would be more liquid. He expected U.S. interest rates to be more favourable this year, which was why Exxon had filed for SEC registration.

Mexico to seek loan of over $2bn

By Alan Friedman

MEXICO will announce today plans to seek between $2bn and $2.5bn (£1.1bn-£1.4bn) through an international syndicated loan bearing significantly higher interest margins than in previous deals.

The announcement will be made in New York by Sr Angel Gurria, director of Mexico's external public debt, at a meeting of U.S. and Japanese banks. He will visit London on Monday to seek the participation of European and Middle East banks in the credit.

Today's meeting of Mexican Finance Minister officials and bankers has been arranged by the Bank of America, which is co-ordinating the loan. The loan will provide two tranches, of three years and seven years respectively.

The three-year tranche will provide interest of one percentage point above the London interbank offered rate (Libor). The seven-year tranche will pay 1¼ points over Libor, the highest interest spread for Mexico since 1977. There will also be options for banks to lend at rates related to the U.S. prime.

Participating banks will receive a management fee of 1 per cent of the amount raised.

One banker involved in the Mexican borrowing said the deal marked "a new realism in which Mexico is accepting the current attitude toward developing nations which have a high level of debt."

Mexico's total external debt amounts to around $65bn, of which public sector borrowing is close to $50bn. The country has been struggling with a depreciating currency, record inflation of more than 60 per cent this year, falling oil sales and declining oil prices and a huge public sector deficit.

The last large Mexican Government international loan was a $700m eight-year credit last summer, bearing a spread of ¾ percentage points over Libor. In a recent $2bn credit for Pemex, the Mexican energy concern, the rate paid over four years was ⅞ per cent above Libor.

"I think it is a brave move by Mexico to shift upwards to this degree," said the banker who is putting the loan together. "They are recognising the need for a new level of pricing."

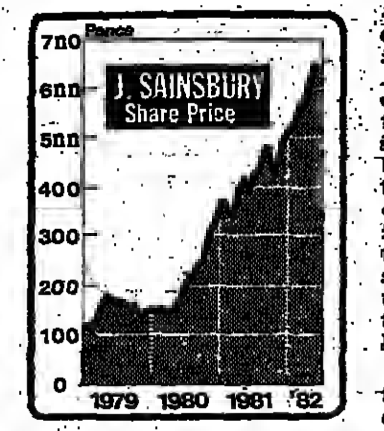
Sr Gurria and Sr Silda Herzog, Mexican Finance Minister, are currently travelling around the world and meeting bankers to discuss the country's austerity programme. Nonetheless, Mexico will have to borrow around $20bn this year, and more than $15bn of it will be needed to pay interest on outstanding debt and to refinance short-term maturing debt.

An official invitation to banks will go out today. About 20 banks will be asked to form a management group on the new loan.

THE LEX COLUMN

GA's quarter of accidents

Index fell 8.8 to 575.4



The London financial markets were highly nervous yesterday in the aftermath of the sinking of HMS Sheffield, but the fall in prices was relatively modest. Sterling, although weaker overall, was flattered by the very soggy dollar, and gilt-edged and equities simply dropped back to the pre-war levels of midday last Friday.

The fleeting glimpse on Friday evening of where prices might go in a happier world continues to beckon the bulls, and there is plenty of talk about high institutional liquidity. But if the Prime Minister's position weakens further — as measured by the local elections as well as in Parliament — liquidity could go on building up for a long time.

General Accident

The stock market had braced itself for very poor first-quarter figures from General Accident, but the reported result, a pre-tax loss of £11.1m compared with a profit of £19.3m, was still about £15m adrift of the more pessimistic estimates. If past history is anything to go by, there may be some recovery of UK weather losses, which cost £20m, in subsequent quarters. But, as the first of the composites to report, GA has given the whole sector the jitters and its own shares closed 8p lower at 290p, where they yield 8 per cent.

More worrying is the underlying deterioration in the market. Australia and Canada are still showing no sign of recovery, while the overall operating ratio in the U.S. has crept up to 111 per cent. In the UK, there has been further premium erosion on commercial and industrial lines. The increase in total UK premium income was only 5.4 per cent, and that thanks mostly to index-linked household policies.

Some chinks of light are admittedly starting to emerge. GA is adding business in the motor sector and should be able to lead rates higher in the summer. The more regulated markets, South Africa and the U.S., are looking better and the growth in investment income has been maintained. But Profits even approaching last year's £105m now look out of the question.

Sainsbury

Flabbergasting figures from J. Sainsbury are fast becoming a matter of routine and, after yesterday's announcement that profits before tax and profit sharing had risen 35.5 per cent to £89.1m in the year to February, the shares caught the market's chill and slipped 5p to 645p.

Even at this humble level, however they trade on 27 times historic fully taxed earnings, making the higher than expected dividend fairly academic for today's buyers. The yield is 2.2 per cent. Net trading margins during the second half year were the highest since the group went public, at 4.3 per cent of ex-VAT sales. Price competitiveness has if anything improved and productivity gains are still being made. Even so, to justify its dizzy rating, Sainsbury will need to pull a new rabbit out of the hat.

Volume growth in the established Southern stores, the foundation of Sainsbury's success over the past three years, is at last beginning to flag as the increase in opening hours and sales per square foot reach their physical limits. The store opening programme will eliminate cash balances in the course of this year. But Sainsbury could manage 20 per cent sales growth on the back of new openings and the gap between cost inflation and food price inflation will narrow. So 1982 profits of £100m, after profit-sharing, are not just a day dream.

P & O

P & O's share price shot up last November as takeover speculation ran wild. No bids have been forthcoming, but the full year outcome has gone a long way to justifying the rerating—and the company has provided a helping hand by hiking up the dividend. At the interim stage pre-tax profits were down from £12.9m to £0.7m, yet at the full year the decline has been shortened to £7m, for an out-turn of £41m. As in the case of Ocean, the change in the associate OCL's treatment of capitalising interest has distorted the trend between the two halves. Nevertheless, with industrial disputes costing the company possibly £11m in the year, and a £6m turnround into loss in ship sales, this represents a resilient underlying performance, even though weaker sterling may have produced a boost of £9m.

In the current year, although trading conditions are turning down for OCL, there should be a profits recovery based on fewer industrial disputes and lower fuel costs after re-engining. Meanwhile the loss in ferries should be reduced and construction profits are likely to show a further gain. So pre-tax profits may well approach the peak of £50.5m achieved in 1974. Even though the spate of Government requisitioning undermines prospects of a foreign take-over bid, at least in the short term, the shares rose 4p yesterday to 144p, to produce a yield of 10.4 per cent.

NCC Energy

Shareholders in NCC Energy can now count the cost of their 3½-year involvement with Mr Graham Ferguson Lacey. Perhaps it is not as bad as it might have been: the shares were hovering at rather less than the equivalent of 25p when Mr Lacey arrived in the autumn of 1978, and there is now an offer of 25p on the table from Cook International. It is better than nothing—and much better than the predicament faced by Mr Lacey and his business partner Mr Cecil McBride upon whom Cook has a put option at 100p in respect of 3.5m shares.

In assessing the Lacey regime at NCC, however, it is worth remembering that when he arrived the company had a plum investment of 3.3m shares in LASMO. Worth under £5m in late 1978 these shares were sold for £12.4m in early 1980 and, if held, would have had a peak value of more than twice that. So the hectic years of dealing have failed to do as much for the share price as a policy of inaction. But there has never been a dull moment.

National dock strike may be called off

By David Goodhart and Brian Groom

THE NATIONAL dock strike due to start on Monday may be called off. The docks and waterways committee of the Transport and General Workers' Union decided yesterday to urge that it be suspended.

The recommendation will go before a recalled delegate conference of dockers in London on Saturday. Mr John Connolly, national docks secretary of the TGWU, said the basis for it was a government undertaking to discuss specific union proposals for the inclusion of a non-scheme port in the 1967 national dock labour scheme.

He added that the Falklands crisis had also concerned committee members. "We would not want a strike that might damage our policy in the Falklands."

The docks committee is influential, and its view may well be accepted by the 87 lay delegates at the recalled conference.

However, the Government's offer falls short of the demand for moves towards the inclusion of "all non-scheme ports and wharves," made at a conference two weeks ago. Militant shop stewards may argue against accepting it.

The labour scheme is the basis of registered dockers' unique employment rights, which in effect rule out compulsory redundancies.

Registered dockers have heen worried about the growth of an unregistered workforce of some 6,000 in over 80 ports outside the scheme, at a time when the registered workforce has declined to 18,000.

They believe it makes the scheme vulnerable to attack and that all dockers' jobs should attract traditional rights.

Mr Connolly did not rule out the possibility of a strike if the Government did not accept union proposals for the inclusion of a so far unchosen port in the scheme. He also claimed that if a strike was necessary, support would be solid.

The acceptance of negotiations over the inclusion of a *single port* is seen as a step-by-step tactic gradually to bring in as many ports as possible. Mr Connolly said there would have to be serious discussions with the membership before deciding which port was selected for initial negotiations.

The call for the 1967 scheme to be extended to non-scheme ports is a cahnge of tack for the TGWU, which has previously pressed for the dormant 1976 Dock Work Regulation Act to be brought into force. This would have opened up inland freight-handling jobs within half a mile of ports to dockers, as well as bringing in the non-scheme ports.

Dockers who dread a strike, Page 11

Sainsbury's profits and sales continue to defy recession

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE SALES and profits surge by the J. Sainsbury supermarket chain continued over the past 12 months, according to preliminary figures issued by the company yesterday.

Sainsbury announced pre-tax profits *for the year* to February 27 of £89.1m, up 35.5 per cent on 12 months before, and sales of £1.95bn, up 22.7 per cent.

For the third successive year Sainsbury has impressed the City by the size of the growth in sales and profits when most retailers have been struggling to cope with the deep recession. In the previous two financial years, Sainsbury's pre-tax profits rose by 41 per cent and 43 per cent respectively, with sales up by 22 and 30 per cent.

Only Marks and Spencer of he main reatilers has managed to keep close to Sainsbury's sparkling financial performances in recent years. Last week, Marks announced pre-tax profits for the last full year of £222m, up 23 per cent.

Tesco, Sainsbury's arch-rival in the High Street, is expected by City analysts to announce growth in profits nowhere near the Sainsbury performance, when its full-year results appear next month. At halfway, Tesco's pre-tax profits were up by just less than 6 per cent at £14.6m.

The Sainsbury sales performance over the past 12 months was helped by a 6 per cent growth in volume at existing stores, plus a further 7 per cent at new stores. Sainsbury now serves more than 5m customers a week, an increase of 23 per cent in the past two years.

Sainsbury also appears to have pulled away from Tesco in terms of market share for packaged groceries. In the first three months of 1981, Sainsbury's share was estimated at 13.2 per cent, while Tesco's was 13.7 per cent. However, in January-March this year, Sainsbury's average market share was 14.6 per cent compared to 13.3 per cent for Tesco. More recent figures have shown Sainsbury above the 15 per cent level. Tesco's share is understood to have changed less.

Productivity, measured by sales per employee, also improved by 3.4 per cent over the past year, bringing the five-year productivity increase to 28.5 per cent.

Also during the past year, Sainsbury created 5,600 new jobs, bringing the total of new jobs over the past two years to 11,000.

In spite of the good profits performance, Sainsbury shares closed at 5p down at 645p, in line with the general market trend.

Details, Page 31

Navy lacks defence

Continued from Page 1

that the government would not have finally decided to develop a new system if the current one had been successful.

Other missiles carried by the task force—such as the Seaslug and Seacat, are anti-aircraft weapons without an anti-missile capability. Some warships are equipped with decoy systems—such as the Chaff—intended to deflect missiles from their target. It must be assumed that at least the more modern vessels also have the ability to jam the active radar-homing devices of Exocet missiles.

Again, however, experts disagree as to the effectiveness of such devices.

Behind this apparently serious lack of defence against sea-skimming missiles lies, as Mr Nott said, the lack of a Soviet threat in that particular area.

There was a protracted debate within the Ministry of Defence involving two rival systems of lightweight tracking radar for the Sea Wolf—which would be resigned to enable the missile to pick up and "kill" the Exocet in its sea-skimming phase.

One system, the VM 40, has been developed by British Aerospace and the Dutch Hollandse Signaal Apparaten. The other is Marconi's ST 805 SW.

Stiff competition between the two rival systems, together with the effects of the defence review last June, delayed decisions within the Ministry until February.

Marconi was then awarded a contract, estimated to be worth some £40m, which is believed to envisage the start of production in about two-three years.

Continued from Page 1

Haig

minster. They told the whips that they would not support the Government if there was any direct military attack on airfields on the Argentine mainland.

The White House said that British requests for material support so far had been modest, mentioning only fuel for the naval task force. It added that the U.S. was ready for talks in any "forum or venue"

The State Department has no confirmation of reports of a major new battle in the South Atlantic and would not take a position on the Irish Government's request for a UN Security Council meeting.

Continued from Page 1

Financial markets

selling, the market recovered, with the index down eight points only. It closed 8.8 points down, at 575.4.

Gilt-edged securities showed falls ranging from ⅛ in longer-dated securities and losses in short-dated securities ranged to ¼. The Government securities index fell 0.31 to 67.67.

Alan Friedman adds: Venezuela, Latin America's largest depositor in London, is reported to be withdrawing substantial sums from the UK. A senior Venezuelan banker said last night Venezuela and several of its state agencies were withdrawing between $2bn and $3bn. Venezuela's total deposits in the UK were $7.2bn, according to Bank of England December 1981 figures.

British bankers said yesterday a rapid withdrawal would be difficult because much of the money is tied up in three- and six-month placements.

The Venezuelans, who are supporting Argentina in the Falklands crisis, are taking steps to protect their position in case any blockage is imposed on assets. London bankers are not unduly concerned. They say that if the money were placed in other centres it would be recycled eventually to the London market.

BR to introduce low fares on London-Scottish route

BRITISH RAIL is to introduce, on May 17, a range of low first-class fares for non-sleeper travel every night between London and Scotland.

Responding to competition from cut-price coach operators, BR will offer one-way journeys to and from London at about a third of the ordinary first-class fare. The new fares are: Edinburgh, Glasgow and Falkirk £12, Dundee and Kirkcaldy £14, Aberdeen £16. Children under five will travel free, those from five to 16 at half-price.

Each night of the week, the "Nightrider" train will leave King's Cross at 2205 hours, its different sections calling at Edinburgh (0542), Falkirk (0655), Glasgow (0724), Kirkcaldy (0633), Dundee (0715) and Aberdeen (0833). The southbound version will start from Aberdeen at 2030 and reach King's Cross at 0635. *Timing* on Saturday-Sunday journeys will be slightly later.

There will be free seat reservations, all-night catering and continental breakfasts for £1

Weather

UK TODAY

COLD and showery.

S.E., Midlands and E. England and Edinburgh
Rather cloudy with showers, becoming mostly dry. Max 11C (52F).

Wales, W. Scotland, W. England and N. Ireland
Sunny intervals, scattered showers. Max 10C (50F).

Rest of Scotland
Wintry showers, sunny intervals. Max 7C (45F).

Outlook: Mostly dry with sunny intervals. Rain in the north.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	27	81	London	S	12	54
Algiers	F	25	77	Luxmbg.	C	8	43
Amsdm.	R	8	46	Madrid	S	16	61
Athens	S	20	68	Majorca	S	21	70
Bahrain	F	30	86	Malaga	S	24	75
Barclna.	S	16	61	Malta	F	19	66
Beirut	F	20	68	Mchstr.	S	10	50
Belfast	R	9	48	Melbne.	—	—	—
Belgrd.	S	23	73	Mx. C.†	—	—	—
Berlin	S	19	66	Miami†	R	22	72
Biarritz	S	15	59	Milan	R	12	54
Bmghm.	C	10	50	Montr'l†	S	10	50
Blackp'l	S	11	52	Moscow	F	19	66
Bordx.	F	15	59	Munich	F	19	66
Boulgn.	—	—	—	Nairobi	R	20	68
Bristol	R	8	46	Naples	S	20	68
Brussels	S	10	50	Nassau	—	—	—
Budpst.	S	23	73	Nwcstl.	S	10	50
Cairo	C	23	73	N. York†	S	12	54
Cardiff	S	10	50	Nice	F	15	59
Casbca.	S	18	64	Nicosia	—	—	—
Cape T.	—	—	—	Oporto	S	14	57
Chicg.†	C	17	63	Oslo	F	6	43
Cologne	F	14	57	Paris	F	13	55
Cpnhgn.	F	14	57	Perth	C	19	66
Corfu	S	21	70	Prague	R	21	70
Denver†	S	3	37	Reykjvk.	S	0	32
Dublin	S	14	57	Rhodes	S	21	70
Dbrvnk.	S	19	66	Rio J'o†	—	—	—
Ednbgh.	S	8	46	Rome	S	20	68
Faro	S	19	66	Salzb'g	C	21	70
Florence	S	15	59	S'cisco†	—	—	—
Frankft.	R	10	50	Singapr.	—	—	—
Funchal	F	17	63	S'tiago†	—	—	—
Geneva	R	6	43	Stckhm.	S	12	54
Gibrltr.	S	21	70	Strasb'g	C	10	50
Glasg'w	C	8	46	Sydney	—	—	—
G'msey	R	8	43	Tangier	S	17	63
Helsinki	F	11	52	Tel Aviv	S	20	68
H. Kong	C	25	77	Tenerife	S	22	72
Innsbr'k	S	22	72	Tokyo	—	—	—
Invrnss.	R	8	46	Tor'nto†	S	8	46
I.o.Man	S	10	50	Tunis	S	25	77
Istanbul	S	17	63	Valencia	S	19	66
Jersey	R	9	48	Venice	S	13	55
Jo'burg	F	19	66	Vienna	S	20	68
L. Plms.	S	22	72	Warsaw	S	23	73
Lisbon	S	16	61	Zurich	C	6	43
Locarno	R	8	46				

C—Cloudy. F—Fair. R—Rain. S—Sunny. † Noon GMT temperatures.

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